LARGEST CIRCULATION
OF ANY CANADIAN
FINANCIAL PAPER

Canada To Borrow $430,000,000

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The Nation's Business

Australia Aided By Public Economy

Budgets Are Pared To Meet Crisis

Ontario Hydro Out of Quebec

Australia Helped By Public Economy

THE example of Great Britain in taking courageous and far-reaching measures in an effort to balance her account with the world and her governmental accounts at home is one for Canadians to follow.

Likewise the example of Australia is not to be overlooked, particularly as there are very marked points of resemblance between the position of Australia and Canada. Both are large producers of primary products, both have been hard hit by the confusion and turmoil in international trade, both have serious financial problems in their Federal and provincial (or state) governments.

* * *

IN 1930 and 1931 Australia faced a genuine crisis. The morale of her people seemed to have been shattered by paternalism in government. Spending radicals held the reins of government and had no conception of the straits to which too much government in business had brought the Dominion.

There was a federal deficit of £10,000,000 in 1930-31. The various States likewise had large deficits and one of them defaulted on its bonds, forcing the federal government to meet the payment to save Australian credit. Australian State bonds fell to the '30's in New York.

Cessation of the flow of outside capital to the country forced the most rigid exchange restrictions upon the country.

* * *

AUSTRALIA met its problems by concerted action on the part of the heads of the Commonwealth and State governments. Seven premiers met and adopted the so-called "Premier's Plan." This provided for a reduction of 20 per cent in all adjustable expenditures; conversion of all internal governmental debts on a basis of a 22½ per cent saving; some new taxes, limited by the fact that taxation had almost reached the practical limit; reduction of bank interest rates; mortgage relief.

The central government had a surplus this year. (It was aided by the Hoover moratorium which covered its war debt to Britain). Taxes have recently been reduced slightly. The adverse trade balance has been turned into a surplus. Private spending has increased as new confidence has come and this has aided employment. Industries have speeded up. Australian bonds have risen at home and abroad.

In the six states there has been similar improvement. New South Wales, which was in financial and political turmoil until the electors rejected the radical Premier J. T. Lang, has cut its estimated budget deficit by £10,000,000 and reduced taxes. In default in 1931, it sold 3½ per cent five-year bonds at 97½ in London in November, 1932.

* * *

FUNDAMENTALLY, Canada's greater resources and more advanced state of development make her a stronger nation than Australia, but Canada's lethargy in the matter of restoring public finance to a sound condition is a barrier to our early recovery and we are not today in as good position to fight the depression as Australia is.

The enormous stimulus given to enterprise and confidence in Australia by federal and state expense cutting provides an exceedingly significant lesson for our own federal and provincial governments.

Australia is not yet out of the woods but its position is remarkably better than it was two years ago.

Canada can avoid some of the more drastic remedies adopted by Australia if it will set her financial affairs in order before a crisis is reached, as it was reached in Australia.

* * *

Ontario Hydro Barred from Quebec

ONTARIO Hydro's attempt to break into the Quebec market has failed. It is not likely that the Ontario Government-owned power system will get a footing in the stronghold of the privately-owned utilities as long as Premier Taschereau's policies are followed.

For weeks past Canada Northern Power and Ontario Hydro have been actively competing for the contract to supply power to the Northern Quebec property of the Beattie Gold Mines. The amount of energy involved is relatively small,

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INVESTIGATION OF MILK PRICES MAY COME SOON

Distributors Would Welcome Having Truth Brought Out

PROFITS ARE LOWER

Heavy Taxation, Milk Overproduction, Civic Regulations, Costly Deliveries Shoot Costs Up

ACCUSATIONS

Dr. Follin H. Pickel, M.P., asked in House of Commons on February 8 for probe into milk prices, called the milk dealers "highway robbers," said the farmer was the victim of profiteering and 90 per cent of city people thought farmers were robbing them. Claimed farmers near Montreal got 70 cents for 100 pounds while consumers paid $5.

Richard B. Hanson, K.C., Saint John, N.B., on same day said farmers around Saint John get 3⅓ cents a quart while dealers get 10 cents from consumers and he wants "huge spread" investigated.

WHERE ARE PROFITS?

Dairy Corp. of Canada, doing business in various communities across Canada, has dropped all dividends since October 1, 1931, and debenture holders have granted deferment of interest for one year because business profits narrowed.

Silverwood's, Ltd., operating across Southern Ontario and serving some of the most populous districts of Canada, dropped all but preferred dividends in 1932.

Borden Co., which owns City Dairy Co. and some other highly reputable companies in Canada, has reduced its quarterly dividend from 75 cents to 50 cents a share.

Eastern Dairies, which operates dairy subsidiaries in Montreal, Ottawa, Toronto and Winnipeg, has not paid a common dividend since July 1, 1932.

Conscious of falling profits and increasing expenses because of taxation, milk companies in Canada view with mixed feelings the demand at Ottawa for an investigation into the price of milk under the Combines Investigation Act. All agree that, if such an investigation is competently conducted, the result will show that no milk company in its palmiest days ever made outside of war years more than one cent a quart on milk and in most years only a fraction of that. There is admittedly quite a spread between what the farmer receives and what the consumer in the city pays but distributors claim that it can be lessened only if citizens are willing to dispose of all the health precautions and the services given in connection with the delivery of milk.

The cost of delivered milk differs in various parts of the Dominion. Much depends on the size of the area drawn upon for milk, the arrangements made for getting and distributing it, the amount of competition among farmers to get precedence for their milk and the severity of the requirements by civic health departments though these factors operate in different centres in differing degree. But, practically every area was in 1932 subject to intense competition produced by these factors.

When Milk Was Five Cents

To the older Canadian who remembers that in the '90s milk was delivered at five cents a quart to consumers in small cities and towns of Ontario and Quebec and the Maritime provinces, the price of 10 cents a quart seems a sure sign that somebody is making a 50 per cent profit.

"It sounds as though that old farmer-dairyman must have been very efficient," said J. A. Caulder, president of Dairy Corp. of Canada, when asked about the disparity between old and present prices after the annual meeting on February 10. "He did very well, too, but he was able to take the milk straight from the farm to the customer and dip it from his can right into the receptacle provided by the customer. He sold at 5 cents a quart, it is true, but he did not have to bother about city regulations concerning pasteurizing, quality of milk and its general treatment. He had no taxes to pay in the city, and needed no license in many cases. He did not have drivers' wages to pay, he fed his horses off his own farm and delivered his own milk in all cases. In Toronto we pay the farmer practically 4 cents a quart for milk where in those old days he was able to peddle it around for five cents a quart.

"The whole facts are not given in these attacks in Parliament and elsewhere on milk prices," said Mr. Caulder. "So far as we are concerned

(Continued on page 2, column 5)

Highlights of the Week

Events and Topics That Make Articles for The Financial Post This Week

Aussies Do It

Australia faced bankruptcy in 1931. Today its condition is improving. First step it took was to balance its budget. Then it converted its bonds at lower rates of interest. How Australia did it is told in a special article on Page 1; also in "The Nation's Business." Page 1.

Milk Profits

M.P.'s demand investigation of milk prices and the spread between farmer and household. Dairy companies report profitless competition. Where lies the truth? The Post gives some figures. Page 1.

Interest Rates

Will banks cut interest rates on deposits to help bond market and government financing? The Financial Post presents a survey of the interest rate situation, economically and politically. Page 1.

Who Pays Taxes?

Analysis of income tax returns for 1930 shows: farmers pay but 1/10 of 1 per cent of total income tax; 614 people had incomes over $50,000; corporation profits were down 18.7 per cent. Page 9.

Revive Building

National financing corporation and programme of public works as substitute for relief are asked of Ottawa by new Construction Council of Canada. Page 15.

Job Insurance

Germany's scheme of unemployment insurance, considered best yet devised, is declared to be on verge of collapse. Page 8.

Power Surplus

Canadian power plants can now develop 25 per cent more power than market is at present consuming. Page 1.

No Bulk Conversion of Dominion's Debt Planned By Ottawa

Obligations Maturing in 1933 and 1934 May Be Converted as Done in the 1931 Conversion—Bank Deposit Rates Important

From Our Own Correspondent

OTTAWA.—Reports that Canada might attempt a wholesale and semi-compulsory conversion of its internal debt, including millions of dollars of bonds not maturing in the near future, are unfounded, The Financial Post understands from reliable sources here.

Such a plan would involve at least partial repudiation, and nothing of this nature is planned by responsible authorities in this country. However it is not unlikely that maturing issues, such as the 1933 and 1934 5½ per cent loans, may be converted to lower rates. Such conversion may be handled in the same manner as in 1931, when new bonds bearing a 4½ per cent coupon rate were exchanged for 5½ per cent bonds maturing in 1932, 1933 and 1934. Interest talons attached to the new securities gave those converting their full interest for the term of their former bonds.

Conversion of 1933 and 1934 bonds bearing 5½ per cent coupons may be attempted this year, probably depending on the course of the bond market. This would be a substantial operation in itself, as there are some $170,000,000 of the 1933 bonds and approximately $226,000,000 of the 1934 bonds still outstanding.

If the market for high-grade securities responds favorably to lower Canadian bank deposit rates, which are not unlikely to be adopted, it is possible that such a conversion might result in a 4 per cent rate being offered to bondholders. Such new bonds might also bear talons for the full amount of interest up to the date of maturity of the old bonds.

Viewpoint of Bond Houses

Fears that the entire internal debt of the Dominion will be converted to a lower interest rate as was done by Australia in 1931 are absolutely unfounded according to investment opinion in Toronto. Few federal bond issues are callable and a wholesale conversion is not regarded as being necessary, advisable or even practical. The British conversions of 1932 were possible since the bonds converted were callable and investors responded to a strong patriotic appeal and were also attracted by the bonus given for converting their bonds. The Australian conversion which saved the federal and state governments $32,500,000 in annual interest charges was also the result of a strong appeal backed by the threat of coercive measures.

Canada faces an important period of financing in the next two years with $169,971,850 of 5½ per cent tax free bonds maturing November 1, 1933, and $226,133,350 of 5½'s maturing November 1, 1934. These loans must be refunded and the probability is that a conversion loan such as that offered in May, 1931, will be made. When such a loan will be issued will depend upon market conditions and while the refunding programme has been anticipated by the government for some time there is no evidence to show that complete details have been worked out.

Will Lower Bank Rate

Reduction in the rate of interest paid by banks and trust companies is generally regarded as being a probability in the near future although official confirmation is lacking. Such a reduction might be expected to divert funds into the security markets and with increased demand for the highest grade issues the market on Dominion of Canada bonds would be strengthened to a point where the Federal Government could finance on approximately a 4 per cent basis. That the Federal loan of November, 1932, carried a 4 per cent coupon rate was due to the approaching necessity of refunding loans maturing in 1933 and 1934

If the 5½'s due November 1, 1933, are converted into bonds carrying a 4 per cent coupon rate the Federal

(Continued on page 2, column 5)

No Decision Reached on Tobacco Enquiry

By Staff Editor

OTTAWA.—A decision has not been reached yet as to whether an investigation will be made of an alleged combine in purchases of tobacco from Ontario growers.

The preliminary report of Hon. Donald Sutherland into the tobacco industry has not been made to the registrar for the Combines Act, and until this is received by the registrar no decision can be made as to the full investigation.

LAIDLAW URGES HOME LOAN BANK TO LOOSEN CASH

John B. Laidlaw, representing the Norwich Union Life Insurance Society in Canada, who is also a director of the Union Trust Co., has addressed to Premier Henry of Ontario and to lending institutions a proposal for a central financing institution to relieve the mortgage situation.

Mr. Laidlaw suggests as a model the Federal Home Loan Bank system established last summer to meet a similar situation in the United States.

Pointing out that declining deposits and repayments—due to the moratorium act—have made it almost impossible for the lending companies to make new loans, Mr. Laidlaw draws attention to the new U. S. system under which government and company funds are made available for loans to mortgage companies against the security of their mortgages. The intent of the U. S. law was to stop pressure of foreclosure and to provide a moderate amount of money for new lending. Mr. Laidlaw avers that the U. S. scheme has accomplished these results.

He offers his scheme to Ontario as an improvement on the moratorium and also as a permanent improvement to Ontario's lending machinery.

Smelters Stock Dividend Payment Set for March

Following a meeting of directors of Consolidated Mining & Smelting Co., on April 14, it was announced that the stock dividend declared in January would be made on March 1.

The record date for this dividend was changed from December 31, 1932, to January 12, 1933.

Quebec Premier Elected to Credit Foncier Board

From Our Own Correspondent

MONTREAL.—Hon. L. A. Taschereau, Prime Minister of Quebec, has been elected a director of Credit Foncier Franco-Canadien, according to an official announcement made by the company.

Cariboo Claims Staking Sets B. C. January Record

An all-time record was set for staking mineral claims in British Columbia in January when 1.118 claims were recorded. Staking is spreading south to Williams Lake area in the Cariboo district and this year is expected to see unprecedented development according to mines department officials.

Communications received from the gold commissioner, L. C. MacLure, at Williams Lake, state interest is spreading to that territory, and considerable traffic is en route to Barkerville, coming in by the way of Cunningham Creek and Yank's Peak. A large number of individual stakings are reported around the Williams Lake district, and agents for well-known companies and syndicates have staffs of field men on the job, day and night.

J. P. Scarlett, gold commissioner at Barkerville, states in an official communication to the department that activity continues there unabated, and that January's recording of over one thousand claims has never been excelled.

Much of the locating in both districts is reported as being of outside origin, particularly New York. Large companies are staking as never before, it is said.

B. A. OIL EARNS 99c. PER SHARE GOODWILL AT $1

First Oil Co. Reporting on 1932 Well Maintains Revenue

BANK LOANS DOWN

Working Capital Higher — Eliminates Intangibles From Balance Sheet —Company Now Well Rounded

British American Oil, Ltd., annual report, presented to shareholders at the annual meeting on February 15, showed debenture interest earned 17.2 times before depreciation and 12.1 times after depreciation while earnings on the 2,622,642 no par value common shares amounted to $2,602,743, or 99 cents a share as compared with $1.04 a share in 1931. The company pays 80 cents a share so that the dividend was earned with a substantial surplus. As the first complete report of an oil company for 1932 the following income statement will be of wide interest:

Consolidated Surplus, and Profit and Loss Account

Years ended December 31

	1932 $	1931 $
Net earn.	4,378,521	4,415,745
Less: Debenture int.	234,623	244,486
Deprec. reserve	1,201,155	1,138,329
Fed. inc. tax res.	340,000	302,000
Net profit	2,602,743	2,730,930
Less appropriations:		
Dividends	2,098,114	2,098,113
Surplus for year	504,629	632,817
Add: Prev. surplus	8,631,176	8,054,887
Less: Addit. inc. tax, 1930	10,876	56,528
Writ. off goodwill	2,314,124	......
Bal. car. forward	6,810,805	......

Statement Covers Only Tangibles

The writing down of goodwill and leases to $1 involving as it did a reduction of the previous surplus of $8,631,176 by $2,314,124 will be a strong factor in increasing confidence of investors in that this transaction eliminates every intangible item. The amount now written off came into the company's financial statement when the company purchased its Western oil business and Western Canadian crude oil leases and it represented premiums paid over and above the actual physical value of the properties acquired. The president, A. L. Ellsworth, stated that this elimination was all the more satisfactory in that the actual goodwill of the company is worth several millions of dollars which are not shown on the balance sheet. The certificate of the auditors stated that the financial statement includes the business of the Western Canada division to December 26, 1932.

Bank Loans Reduced

Other points of significance in the balance sheet are as follows:

1. Working capital increased from $2,827,458 to $3,101,140 and ratio of current assets to current liabilities from 1.44 to 1 to 1.56 to 1.
2. Bank loans were reduced from $3,750,000 to $3,000,000 and accounts payable from $1,721,733 to $1,529,996.
3. Cash dropped from $1,037,569 to $715,880 and receivables from $3,020,409 to $2,422,549 but inventories went up from $5,147,616 to $5,434,603.
4. Fixed assets changed from $14,882,088 to $14,834,238 after deduction of depreciation reserve of $6,196,962 at the end of 1931 and of $7,300,140 at the end of 1932.

Working Capital

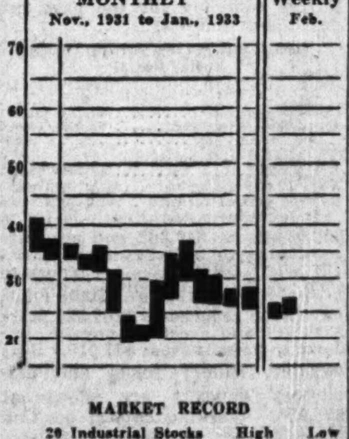
	1932 $	1931 $
Current assets	8,573,032	9,205,594
Current liabilities	5,471,890	6,378,136
Working capital	3,101,142	2,827,458
Ratio	1.56—1	1.44—1

Mortgages receivable are shown as advancing from $608,398 to $792,229 while investments and advances to associated companies are down from $3,329,546 to $3,236,251.

Is Now Well Rounded

Mr. Ellsworth stated that no major expenditures were planned for 1933 although there are many potentially fertile areas not covered by the company in Canada.

Stock Market



MARKET RECORD

20 Industrial Stocks	High	Low
Week of Feb. 14	26.7	24.6
Week of Feb. 7	26.1	24.3
Month of Feb., 1932	34.4	31.4
8 Bank Stocks		
Week of Feb. 14	163	161
Week of Feb. 7	164	161
Month of Feb., 1932	205	203
10 Public Utilities		
Week of Feb. 14	44	42
Week of Feb. 7	43	41
Month of Feb., 1932	56	51

Cut In Interest Rate On Savings Deposits Might Aid All Rates

Two or Two and One-half Per Cent Mentioned as Possible Rates, But Not Definite Yet; Consultations With Government Continue

BANKERS' ASSOCIATION HEAD SEES BENNETT

Proposed Lowering of Interest on Deposits May Be Partly a Result of Issue of $35,000,000 to Banks Under Finance Act; Should Act Like Discount Rate

By Staff Editor

OTTAWA.—It is probable that the rate of interest on savings deposits will be reduced in Canada, but the extent of the reduction has not been definitely indicated.

Such a change may have a far-reaching effect on the whole interest rate structure of this country, but at first may be chiefly reflected in prices for high-grade bonds.

Whether announcement of a lower rate will come first from the banks, or from the government, is not known. Bankers appear to be awaiting some co-operation from Ottawa, but the government may not want to take the responsibility for the change.

The government would probably like to see a lower rate adopted, as its potential effects on prices for government securities would be favorable, and thus might help federal financing, which stands in need of some assistance at present. The attitude of the banks toward lowering deposit rates is also probably definitely favorable, since it is apparently not profitable to pay the present three per cent on deposits, when it is only possible to get 3½ to 4½ per cent on prime government securities.

Banking Committee Investigation

One reason for delay in announcing any change in interest rate policy may be the fact that the banking and commerce committee of the House of Commons, which has the task of investigation of the whole Canadian interest structure, has not started to function. However, if the deposit rate were lowered, it would hardly interfere with the broad programme of the committee which is believed to take in diverse phases of debts and interest.

Rates of two or two and one half per cent, instead of three per cent, on savings have been mentioned as possibilities. Such a change might reduce the whole scale of interest rates in the Dominion by a process of economic evolution. Funds, now idle, would seek more profitable employment in high grade bonds, then in second grade bonds, then in more and more speculative business and investment ventures, according to economists. This movement, if it were to develop, would tend to reduce yields on the various types of securities and might prove a spur to prices and business as a whole.

The presence of J. A. McLeod, president of the Canadian Bankers' Association, in Ottawa last Monday, may indicate that further discussion of the matter has occurred. Mr. McLeod conferred with Prime Minister R. B. Bennett for some time on Monday morning.

The fact that Mr. Bennett stated in the House on Monday evening that he, or the Minister of Finance, Hon. E. N. Rhodes, might make a statement in a few days on interest rates, including bank rates, central banking and currency questions, may be significant, in view of Mr. McLeod's visit.

Monetary observers appear to think that the proposal of lower interest rates on bank deposits may be, at least in part, a direct result of the issue of $35,000,000 to the banks under the Finance Act last November. This sum is understood to be about equal to the total advances now outstanding under the act. If the $35,000,000 of Dominion notes had not been issued, the banks might have completely cleared off their advances by the present time.

Influence of $35,000,000

The strength of the market for gilt-edged bonds since the end of November is suggested as a tendency possibly caused by the large proportion of immediately available liquid funds in the hands of the banks. The only immediate profitable field of employment for the now famous $35,000,000, open to the banks, has been in Government securities, as was indicated in The Financial Post several weeks ago.

The tendency toward low yields on Government securities, of which the banks held the record breaking total of some $562 million dollars, at Dec. 31, 1932, is thought to have been partly responsible for the suggested lower interest rate on deposits. If deposit interest is lowered, it is considered probable by financial authorities that the interest yield on high grade securities should also decline, perhaps fairly quickly. This tendency according to economists, should gradually be felt throughout the whole Canadian interest structure. A move to lower bank deposit rates is considered similar to a reduction in the discount rate by a central bank.

In the course of this process, an

(Continued on page 2, column 1)

Canada's Power Plants Have Generating Capacity 25% Above Present Needs

Preliminary Returns on Production Reveal Further Recession in Kilowatt Hour Output — Ontario Takes the Lead

NO NEW ENTERPRISES CONTEMPLATED

Cessation of Expansion Over Next Few Years Will Permit Industry to Take Up Present Slack Between Available Supply and Demand for Electrical Energy

By JOHN R. LANGDON
Eastern Editor, The Financial Post

MONTREAL.—An apparent surplus capacity of 25 per cent in turbine installations is seen for the Canadian power industry, following upon an examination of preliminary production returns for 1932.

It has been realized for many months past that the industry had outstripped demand and that the anticipated increase in consumption did not materialize for 1931 or 1932, while the outlook for the next year or two is indefinite.

The water power industry has one feature that is not common to all phases of economic activity in that it anticipates demand. Past growth and estimated future demand have been the basis upon which the industry has been built up over the past few years. The result is seen in the rapid expansion of productive facilities over the last ten years.

Stop New Work

By 1931 it was evident that the industry had overstepped itself and that a cessation of developments would have to take place in order to allow consumption to catch up with the increased supplies of energy made available by new installations. It is noteworthy that no new developments were undertaken in 1932, nor are any new projects in contemplation for 1933.

Much work remains to be done to complete those developments undertaken in between 1928 and 1930, but when these are completed it is unlikely that any major work will be undertaken for some years. An exception to this is the possibility of the Canadian and American governments undertaking the St. Lawrence Waterways plan, which would provide for the development of some 2,000,000 h.p. of electrical energy.

Lower Output in 1932

The following table sets out clearly the manner in which the water power industry has grown between 1923 and 1932. Turbine installations increased from 2,423,845 h.p. to 7,045,260 h.p. During the same period output of central electric stations advanced from 8,099,192,000 kw.h. to 15,986,414,000, reaching an all-time record peak of 18,093,802,000 kw.h. in 1930.

In view of the rapid increase in installations and decline in production over the last two years, The Financial Post has estimated the potential capacity of central electric stations. Consideration has been given to water flow, load factor, transmission and distribution line losses, etc., and an estimate of one horsepower output of 3,000 kw.h. yearly arrived at. This figure is regarded as being on the generous side rather than as being too conservative. It is out of the question, of course, to determine an arbitrary figure on potential output of present installed capacity in kilowatt hours, but a base of 3,000 kw.h. per horsepower is regarded as being a fair one.

Too Much Capacity

On this assumption then the industry has at present about 25 per cent too much capacity to take care of needs. The relationship between the installed turbine capacity, potential output in kilowatt hours, and actual output as reported by the central electric stations

(Continued on page 4)

FEDERAL LOANS OF $430,000,000 MAY COME 1933

Refunding of Internal Bonds Provides Big Part of Total

DETAILS NOT OUT

National Debt Increase Will Bring Total Near $3,000,000,000 Mark in Next Fiscal Year

From Our Own Correspondent

OTTAWA.—With a widely unbalanced budget and debt maturities of $279,971,850, the Government's 1933 loan will be one of the largest since the days of the Victory loans. Speaking in parliament last week, Hon. E. N. Rhodes, Minister of Finance, intimated the coming loan would be large, also that bonds of $100 and $200 denomination might be printed in order to invite subscriptions from small Investors.

The size of the loan probably will not be determined until shortly before the loan is launched, and nothing will be done until spring at the earliest. But the needs of the treasury are not less than $430,000,000 in round figures and if any steps are to be taken this year to deal with the deficit of 1933-34 a much greater sum will be necessary.

Of the refunding, most of the maturing obligations are held in Canada. There are $50,000,000 one year treasury bills held by Canadian banks, maturing August 1, and there is $169,971,850 of the 1918 Victory loan falling due November 1. The balance of $60,000,000 is in one year treasury notes issued in New York which issue is payable October 1, in American funds. Had it not been for Premier Bennett's conversion loan of 1931, the maturities this year would have been exceedingly heavy. The 1918 loan originally was for $446,659,950 but $278,025,100 was converted and is thereby removed from the field of this year's Government operations.

When this year's loan is completed the net debt of the country will stand at a new high for all time. In fact it will be perilously close to $3,000,000,000. Add the railway debt and the total far exceeds $4,000,000,000. The net debt ran above the billion mark for the first time in 1918, reached two billions in 1920 and established a high of $2.453,776,868 in 1923.

By removing railway account from Federal figures the true picture of Canada's indebtedness in subsequent years has been greatly distorted, but dealing purely with Government debt, the total dropped gradually to $2,177,000,000 in 1930. Since then each year has brought a heavy increase. The debt gain in 1931 was $83,847,000; in 1923, $114,234,235. In the year soon to close it will be greater, probably over $150,000,000.

Gleneagles Co. Defaults Feb. 15 On Bond Interest

Gleneagles Investment Co. did not pay interest charges due December 15 on $1,000,000 6½ per cent first mortgage bonds and is now in default as the period of two months grace elapsed on February 15. As the company took advantage of 60 days grace on the interest due June June 15, 1932, and paid on August was thought possible that interest might be paid this week. However, collections of rents on the 75 per cent of apartments rented are considerably in arrears and taxes, sinking fund and interest are therefore all now in arrears.

A committee of the Dominion Mortgage & Investment Association is investigating the situation for large bondholders with the idea of coming to some policy which regard to it. Actual earnings in 1932 are understood to have been enough to pay interest if all could have been collected.

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IN TUNE WITH THE TIMES

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THE T. EATON CO LIMITED

CUT IN INTEREST RATE ON SAVINGS DEPOSITS MIGHT AID ALL RATES

(Continued from page 1)

expansion of credit might take place, with the $35,000,000 as the base, which would amount to several times the original advances in the opinion of economists. If this were to happen, the apparent purpose of the banks and the Government of "easing credit" by creating this additional money would be accomplished.

The favorable effect of lower rates of interest on Government securities would be of considerable assistance to the Dominion in carrying out its financing programme. Some $400,000,000 of Government bonds fall due in Canada in the next two years, in addition to external obligations. There is also the Government's need to raise money to finance the current year's Federal deficit and the C. N. R. deficit, an estimated sum of $150,000,000.

The possibility that lower interest rates may ultimately affect industrial bond yields, mortgage rates, commercial loan rates, etc., is somewhat more remote than the influence on rates on gilt-edged securities. It may take more time for the effects of the rate changes to penetrate the lower strata of the whole rate structure, but it should come, financial authorities think. Observers here consider that there may be some criticism of the banks, if deposit rates are lowered and loan rates maintained.

Source of Announcement

If a reduction in interest rates on Canadian bank deposits is instituted, it may be first announced in the House of Commons, judging from the remarks of Mr. Bennett on the matter when questioned in the House last Monday. The Canadian Bankers' Association could make such an announcement for the chartered banks, and each institution might also give a few days notice of any change to depositors. It is so long since any alteration has been made in the rate on savings that there has been some speculation as to what source would actually be responsible for supplying the official announcement. The C. B. A. would appear to be the logical informant.

No certainty yet exists as to what action may be taken to bring deposit rates of trust companies and other depositories into line with any possible change in the bank deposit rate. It has been pointed out to The Financial Post that this is not necessarily the responsibility of the Government. However, the banks might request Government co-operation in seeking a proportionate reduction in deposit rates in some instances, such as in provincial government banks. As pointed out last week in The Financial Post, there would be some tendency to lower rates automatically in such depositories, if they were to receive substantial transfers of funds which they could not employ profitably. There would be nothing to prevent the banks from requesting co-operation of other depositories in lowering rates on deposits.

One possible result of a lowering of interest rates in Canada is that it might cause a strain on Canadian exchange. It is a recognized fact that a reduction in a central bank's discount rate causes funds to flow away from the centre concerned. If a change in deposit rates in Canada has a similar effect, the exchange problem of the Government might be aggravated, and some of the possible benefits to Government financing lost.

A lowering of bank interest rates and subsequent reductions in other interest rate in Canada would have a bearing on the investigation of the banking and commerce committee of the House of Commons into the question of debts and interest in Canada. However, it is believed that the programme of the committee, under the chairmanship of R. C. Matthews, of Toronto, will be broad, and that such a change, although important, will not remove the need for the investigation.

BRITISH MTGE. DEPOSITS ARE UP; EARNED 12.6 P.C.

Liquid Position Maintained — Surplus is Increased

British Mortgage & Trust Co., Stratford, Ont., had net earnings in 1932 of $126,052 as against $138,357 in 1931 and earned 12.6 per cent on paid-up capital of $1,000,000. Dividends were paid at the rate of 12 per cent and $19,209 was carried forward in surplus account. In 1931 the company paid a stock dividend of 25 per cent. Trust deposits are higher at $1,917,523 as compared with $1,896,287 while guaranteed investment receipts are down to $3,138,285 from $3,237,727. Estates, trusts and agency funds have been increased to $593,307 from $566,439.

Mortgages held in capital and guaranteed trust accounts have been reduced to $6,066,473 from $6,231,541 and real estate other than office premises is up to $95,004 from $49,800. Premises are carried at $88,000. Cash is up to $42,941 from $37,971 and advances to estates are higher at $9,436. Holdings of Government bonds have been reduced to $170,944 from $204,420 and of Canadian municipal bonds to $319,490 from $327,784. Other bonds and stocks remain practically unchanged at $374,226.

There is no change in the paid-up capital stock of $1,000,000 or in the general reserve fund of $825,000. No provision is made for investment reserve which was increased by $50,000 in 1931 when general reserve fund was also increased by $22,500.

Earnings Record

Year	Paid-up Capital	Net Profits	Div. Rate	Earned Per Sh. Rate
	$	$	$	$
1928 ..	700,000	121,529	12+2	†17.3
1929 ..	700,000	145,975	12+2	20.8
1930 ..	782,700	149,668	12+2	†19.1
1931 ..	1,000,000	138,356	*12	†13.8
1932 ..	1,000,000	126,052	12	12.6

*Stock dividend of 25 per cent paid Apr. 15, 1931.

†Capital increased during year.

Hindsight Begets Foresight

There are two schools amongst investment bankers today. The one has learned the lessons of experience and is determined to apply them for its clients' benefit and as a matter of self-preservation . . . the other still clings to the hope that good times will return and that the investors' memory is short.

Perhaps it is. Nevertheless we are adhering to the first school and endeavouring to assist old clients and prospective new clients to recover their financial positions so far as the course of events may permit. Only fools prophesy in the face of current conditions. We are not prophets but we are delvers for facts. As a preliminary, for instance, we have spent considerable time and money making a careful analysis of the majority of Canadian Corporation Bonds and Stocks. . . . Consequently if you send us a list of your holdings, we can tell you which of them have, in our opinion, a fair chance of recovering and which you should switch or get rid of at any price.

We are doing this gratis as a matter of goodwill building. Subsequently, we hope to benefit by your recognition of the soundness of our advice. May we help you?

MILNER, ROSS & CO.
350 Bav Street. Toronto

The Nation's Business

(Continued from page 1)

but the principle at stake was of the utmost importance. Would Ontario be permitted to develop a market for its surplus power outside of the province?

For a time it appeared that Hydro would be successful. Then the Quebec premier took a hand in the matter. On the stand that Quebec had all the developed power it needed and that competition between the tax-free Hydro and the tax-paying Canada Northern Power was unfair, Mr. Taschereau said that the Beattie Gold Mines would not be allowed to import power from the Abitibi Canyon project—Ontario's white elephant.

The action of the Quebec premier does not constitute an attempt to hinder interprovincial trade. It is doubtful if Hydro has the power to carry on business outside of the confines of Ontario. For several years past Ontario has been the biggest customer of Quebec power producers. With Hydro prohibited from entering the Quebec market, it is possible that the precedent established by Premier Taschereau in the present instance will have an important bearing upon future relations between Hydro and the Quebec operators.

ROYAL TRUST CO. SHOWS SURPLUS FOR PAST YEAR

Estates Increase But Company Assets and Special Accounts Lower

From Our Own Correspondent

MONTREAL. — Financial statement of the Royal Trust Co. for 1932 reveals earnings on a satisfactory basis and an increase in estates and trusts managed by the company. There is, on the other hand, a decline in assets owned by the company, a lower amount in the guaranteed account and a falling off in securities held for safe custody.

Conditions in the trust company field last year were not altogether favorable but the Royal Trust were able to show a net income of $472,973 which was sufficient to take care of the regular dividend on the capital stock, taxes, pension fund and leave a surplus of $70,832 to be carried forward into the profit and loss account.

Carry Forward Surplus

Particulars of income over the past two years follow:

	1932	1931
	$	$
Net income	472,973	560,833
Less: Dividends	320,000	360,000
Taxes	69,641	74,179
Pension fund	12,500	50,000
Surplus	70,832	76,654
Brought forward	*463,528	396,319
Carried Forward	534,360	472,973

*After adjustments.

Company Assets Lower

Balance sheet at the close of 1931 shows assets owned by the company at $10,881,829 compared with $11,154,418 at the end of the previous year. The principal change in the direct liabilities of the company is the reduction in bank loans from $4,627,449 to $4,523,915.

A contingent liability in respect to the guarantee of $458,000 1st mortgage bonds of the Royal Trust Realty Co. was eliminated, as these bonds matured on May 1 last.

Among the assets owned by the company office premises and real estate have been written down from $805,796 to $782,875. Mortgages have declined from $1,374,035 to $1,326,371; bonds and stocks have increased from $6,048,707 to $6,548,479; while loans have been reduced from $2,457,935 to $1,972,934. There are no other changes in the company's assets.

Guaranteed Account Drops

Guaranteed account now stands at $7,320,443 compared with $8,493,123 at the end of 1931. Features of the change in this account are a reduction of cash in bank from $1,198,413 to $204,166 and an increase in Canadian municipal securities from $870,364 to $1,041,990.

Estates Register Increase

Estates and trusts managed by the Royal Trust registered a healthy increase in 1932, totalling $479,414,081 at the end of the year, a gain of nearly $60,000,000.

Securities held for safe custody declined about $5,000,000 to $129,324,626.

TWIN CITY COSTS AGAIN REDUCED BUT INCOME DOWN

Operates More One-Man Cars; Working Capital Lower, Ratio Good

Operating expenses of Twin City Rapid Transit Co. were reduced in 1932 for the third consecutive year but gross income from operations also dropped and net profit after all expenses was only $40,845 as compared with $324,499 in 1931. During 1932 an additional 100 one-man cars were placed in operation bringing the total to 168 and as a result of various economies savings effected totalled $1,239,723. Street car lines were operated at 22.2 cents per car mile and bus lines at 13.2 cents per bus mile, not including depreciation.

CONS. INCOME & SURPLUS ACCOUNT
Years Ended Dec. 31

	1932	1931
	$	$
Gross oper. inc.	9,117,358	10,631,121
Less: Oper. exp.	7,892,226	9,131,950
Net oper. inc.	1,225,132	1,499,171
Add: Other inc.	124,828	138,024
Total net earn.	1,349,960	1,637,195
Less: Rent, leased rds.	3,532	3,804
Funded debt int.	1,174,445	1,185,280
Div. notes int.	45,764	43,460
Misc. debits	11,648	9,522
Bonds amort.	72,435	70,630
Net loss misc. prop.	1,291	
Net profit	40,845	324,499
Less: Pref. divs	....	210,000
Surplus for year	40,845	114,499
Add: Prev. surplus	1,871,140	1,713,965
Profit on cos. bonds purch.	14,512	67,673
Less adjustment	52,516	24,997
Balance forward	1,878,980	1,871,141

Working capital position is as follows:

Working Capital

	1932	1931
	$	$
Current assets	2,226,410	2,722,585
Current liabs.	836,080	1,009,224
Working capital	1,390,330	1,713,361
Ratio	2.66—1	2.70—1

Road and equipment is carried at $58,993,099 compared with $61,240,106 in 1931. Net additions during 1932 were $514,429. Trust fund for secured dividend notes and scrip certificates remains at $880,000; investments are shown at cost of $335,192; reserve fund for injuries and damages remains at $107,265 and discount and expense on funded debt unamortized is down to $1,404,915 from $1,477,351.

Funded debt has been reduced by $182,000 to $21,818,000 while in addition there is $880,000 of secured dividend notes and scrip certificates.

Provincial Bank Reduces Dividend

From Our Own Correspondent

MONTREAL. — Provincial Bank of Canada has reduced the dividend on its capital stock to a basis of 7 per cent per annum compared with an annual rate of 8 per cent put into effect December 1, 1932, and with a rate of 9 per cent, which prevailed between 1921 and 1931.

No particular reason is given for this action. It follows along the line of action taken by other chartered banks, however, which have reduced their dividend rate by 2 per cent per annum. In 1932 the Provincial Bank earned $8.83 a share after all charges as compared with $9.09 in 1931.

LONDON CANADIAN REGISTERS DEFICIT ON 1932 RETURNS

Net Asset Values Decline 35 Per Cent from 1931 Level

From Our Own Correspondent

MONTREAL. — Conditions in 1932 militated against an improved showing by London Canadian Investment Corp., financial statement for the past twelve months showing debenture interest unearned after prior charges and a further shrinkage of 35 per cent in net assets.

At the end of last year the company's investments were divided as follows: 29.87 per cent in bonds; 16.26 in preferred stocks; 53.63 per cent in common stocks and .24 per cent in cash. Geographically these investments were distributed as follows: Canada, 44.45 per cent; United States, 23.83 per cent; British Empire (excluding Canada) 7.69 per cent; Foreign (excluding United States) 24.03 per cent.

During the year the company purchased and cancelled an additional $235,500 of debentures reducing the amount outstanding to $4,459,500 from the $6,000,000 originally issued.

Deficit Last Year

Income from all sources in 1932 amounted to $307,547 compared with $519,177 in the previous year. After the deduction of expenses and interest charges, there was a deficit of $2,951, compared to a surplus of $17,319 in 1931 after the payment of $150,000 in preferred dividends. Particulars of the income account follow:

	1932	1931
	$	$
Cash income	307,547	519,177
Les: Debent. interest	211,275	270,000
Int. on loans	37,888	33,718
Taxes	601	3,695
Man. expenses	10,431	13,237
Trustee fees	1,959	1,885
Legal fees	1,672	3,548
Exchange	42,233	15,471
Income tax	4,439	10,304
Net profit	*2,951	167,319
Less: Pfd. divds.	......	150,000
Surplus	*2,951	17,319
Br't. forward	215,079	197,760
Carried forward	212,128	215,079

*Deficit.

Security Behind Bonds

Balance sheet at December 31, 1932, reveals book assets of $10,614,448, but after taking into account depreciation in value of holdings and current liabilities, net equity represents $61 for each $100 of debentures. This compares with $89.3 per $100 of debentures at the close of 1931.

MONARCH KNIT PREFERRED EARNS $1.62 A SHARE

Working Capital is Improved as Bank Loan is Reduced to $267,325

Monarch Knitting Co. shows some reduction in operating profit during 1932 and after the usual provision of $35,000 for depreciation earned $1.62 per share on the 7,500 shares of preferred stock outstanding as against $2.12 per share in 1931. No dividends were paid and surplus was increased to $514,916. Working capital position was improved through reduction in current liabilities, chiefly bank loans.

The income and surplus account of the company for the past two years is as follows:

Income and Surplus Account, Years Ending Dec. 31

	1932	1931
	$	$
Operating profit	47,164	52,511
Less: Res. for deprec.	35,000	35,000
Res. for inc. tax	......	1,628
Net profit	12,164	15,883
Add: Previous surplus	514,196	498,313
Balance carried forward	526,360	514,196

In current assets, cash is up to $53,034 from $49,362 and accounts receivable to $279,213 from $270,151 while inventories are down to $723,886 from $791,357. Bank loans have been reduced to $267,325 from $347,917 and accounts payable are down to $44,854 from $57,619. Bills payable, sundry loans and employees' deposits are shown at $75,954. Working capital position is as follows:

Working Capital

	1932	1931
	$	$
Current assets	1,056,134	1,110,870
Current liabilities	389,760	478,975
Working capital	666,374	631,895
Ratio	2.71—1	2.32—1

Fixed assets are carried at $858,729 after reserve of $907,150 for depreciation. Investments remain at $9,833 and goodwill, etc., at $995,905.

NO BULK CONVERSION OF DOMINION'S DEBT PLANNED BY OTTAWA

(Continued from page 1)

Government will save $2,550,000 in annual interest charges on this issue alone. If the 5½'s due November 1, 1934, are refunded on the same basis an additional saving of $3,390,000. The Dominion has $60,000,000 of one year notes maturing October 1 in New York which may be refunded in that market and $50,000,000 of obligations due the Canadian banks in August. In addition there will be financing necessary to cover C. N. R. deficits and for federal purposes which will bring the requirements of 1933 to a point possibly in excess of $400,000,000.

INVESTIGATION OF MILK PRICES MAY COME SOON

(Continued from page 1)

we have no objection to any investigation. We would welcome one so that provincial and civic officials and the public generally would know the truth."

Relief milk, all executives of milk companies say, is an important factor in declining profits. Not only have they lost the profitable business given by these people before they required relief but the work has now to be done for no profit. Keen competition for wholesale accounts all over Canada has cut prices and profits to the vanishing point. These accounts include deliveries to hotels, hospitals, chain stores and institutions of various kinds. The recognized selling price for a bottle of milk therefore gives an incorrect picture of the situation if the prices paid for relief milk and for milk bought wholesale are not taken into consideration.

Buy Pounds, Sell Quarts

In the Toronto area farmers are paid $1.45 per hundred pounds for milk delivered in Toronto. The dairymen buy by weight and sell by measure and by this double custom lose 3 per cent before they start to count their costs. Forty quarts are regarded as roughly the equivalent of 100 pounds but as a matter of fact 40 quarts weigh 103 pounds and 103 pounds have to be delivered in 40 quart bottles to customers. The dairymen also have to count on mechanical losses; on returned milk coming back unsold on wagons and turned into butter or less profitable products; broken bottles that nobody but the company pays for and other losses in handling. It is regarded as impossible for mechanical wastage to be kept below 5 per cent but all dairymen strive to reach five per cent as the ideal minimum.

Of the six cents spread between what the farmer gets and the employed consumer at home pays, 2½ cents is regarded as an average price for pasteurizing and handling. All other costs such as mechanical losses in handling, bottle breakages, delivery costs, dairymen strive to keep under three cents a quart. If the dairyman cannot get the cost under three cents then he does not make half-a-cent profit per quart and, of course, makes large losses even at that until his volume is sufficient to take care of his overhead. When one considers that relief milk is now 25 per cent of the total and wholesale deliveries from 6 to 7.5 per cent, the average profit comes considerably lower. Heavier taxes during 1932 have further limited this narrow margin while depression and cool weather prevented ice cream from helping out the profits of the companies.

Chains Cut Milk Prices

From Our Own Correspondent

MONTREAL.—In the past few years chain stores have made their presence strongly felt in the merchandising field; particularly through their ability to sell certain commodities in competition with companies which specialize in the production and distribution of that article. Two years ago one chain caused a temporary furore by selling bread at what were then unheard of levels; the situation grew so acute that at one period loaves were actually given away with every $1 worth of merchandise purchased. Today milk has come to the fore in Montreal and one chain of stores has been consistently underselling leading dairies by three cents a quart.

The policy was adopted about a year ago on a modest scale. Sales mounted rapidly and today the chain is reported to be experiencing a large turnover in milk. The spread of three cents a quart between the chain price and that of the large dairies has proved sufficiently attractive to build up sales and cause some discomfort to the big distributors. This found reflection in a recent 1 cent reduction in milk prices on the delivery routes which brought milk down to the summer level of 10 cents a quart. The drop was met by the chain which is now selling quart bottles at seven cents.

See Analogy in Bread

Observers see an analogy in the present situation and that which obtained in the baking industry, so clearly outlined in the report of F. D. MacGregor after his investigation into bread prices two years ago. Distribution costs, it is claimed, are the key to the existing milk problem; it is largely due to elimination of this factor which enables chain stores to undersell the larger dairies.

Again it must be remembered that milk is only one of many commodities handled by a chain store. Possible the main feature which causes chains to adopt this form of price-cutting in a commodity such as bread or milk is the fact that the goods in question are used primarily as a vehicle to attract custom to the store. Profit margin is small but the advertised feature serves to draw customers to the stores where additional purchases may be made. Actual profit on the commodity in question is beside the point; as long as it is not sold at a loss its appeal to the housewife justifies its being sold at low levels.

The analogy between the cost of distribution of bread and of milk is marked in certain aspects. Competition is keen and service is the great factor in building up sales. But service is expensive and cost of paying drivers, upkeep of delivery wagons, supervision, special delivery, and bottles, bulks large in the costs of an up-to-date dairy. To increase and hold sales a dairy must service its customers to a high degree which absorbs a certain portion of profit.

Chain stores say that they have not to contend with this factor. In the case of milk, many of the expenses incidental to delivery are eliminated; profits do not have to take into consideration drivers, wagons, special delivery and similar factors. In addition loss on bottles is done away with.

In the meantime leading dairies are faced with a problem. Their costs can only be cut to a certain point; they are faced with the possibility of other chains adopting a similar policy in milk prices. Profits at present prices are on a reduced scale and selling costs appear to constitute the key to a solution of the difficulty.

Home Investment Has Good Liquid Position

Net profit of Home Investment & Savings Association, Winnipeg, was $41,497 in 1932 after provision of $4,568 for Dominion, provincial and municipal taxes. This compares with net profit of $53,056 in 1931. Of 1932 profit, $12,928 was transferred to reserve against real estate and loans. Liquid assets are reported to be greater than time and call deposits and amount to 56 per cent of all liabilities to the public.

Cash and investment securities are higher than in 1931 although the company has written down all security values to the full extent of government requirements. All loans and agreements of sale have been revalued. At the annual meeting held February 13, all directors were re-elected and M. F. Christie was re-elected president and J. L. Bathgate, vice-president.

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When the Dominion of Canada was established in 1867, the Bank of Montreal had nearly a fourth of the total paid-up banking capital of Quebec and Ontario, and more than a fourth of the banking assets of those provinces.

Today it has the same proportion of the capital and assets of the banking structure of the entire Dominion.

Today, as yesterday, it employs its resources and facilities to build sound Canadian business.

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Established 1817
HEAD OFFICE MONTREAL
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The British American Oil Company Limited

and its Subsidiaries in Canada

ANNUAL REPORT

FOR THE YEAR ENDING DECEMBER 31st, 1932.

TO THE SHAREHOLDERS:—

The Balance Sheet, Consolidated Surplus and Profit and Loss Account of the Company as at December 31st, 1932, is herewith submitted.

The Gross Profit earned is substantially the same as for the previous year, but due to heavier Depreciation deductions because of added Assets and increased provision for Dominion Income Tax, the Net Profit of approximately $1.00 per share, comprehending 25% above our dividend requirements, is a few cents per share less favorable than a year ago. After the payment of dividends, amounting to $2,098,113.60, there remained the amount of $504,629.10 to be added to Surplus Account. The Balance Sheet, compared with that of the previous year, shows an increase in working capital and a slightly better ratio of Current Assets to Current Liabilities. Investments and Advances to Associated and other Companies have been reduced, as is also the case of Bank Loans—the latter by $750,000.00. In order to eliminate all items of an intangible nature, the item of Goodwill, which formerly stood at $2,314,125.11, has been written down to the sum of $1.00, accomplished by an offsetting charge to Surplus Account, the balance of which still stands at the sizable amount of $6,810,804.90. This Goodwill item, as has been before explained, came into our Balance Sheet when we purchased the Western oil business and the Western Canada crude oil leases and represented the premiums paid over and above the actual physical value of the properties acquired.

Your Company is now a well-rounded and complete unit. The refineries at Montreal and Toronto are of the most modern types. Our Marine Department, comprising five lake and river tankers, lends to an efficient and economical marketing of a large percentage of the production of our refineries. Producing properties in Oklahoma and Texas are sufficiently prolific to take care of our crude oil requirements for many years to come. These properties, carried on the books at cost, are actually worth many times that value. While we were able to make considerable savings during the year 1932, full effects of economies in manufacturing and distribution in consequence of our programme of expansion and consolidation, will not be felt until 1933.

No major expenditures are planned for this year, although there are many potentially fertile areas in Canada which we have not cultivated. Rather, will earnings be directed to further reduction of Bank Loans and payment of our usual dividend, which latter we hope to maintain.

We have mentioned the elimination from the statement of a Goodwill item because of its intangible nature. Another item of "goodwill", which does not appear in our balance sheet, is the favorable reputation which your Company has earned the past quarter of a century. Could this be expressed in terms of actual dollars, many millions would be added to the asset side of our statement. This known friendliness of a wide public; this loyalty of our shareholder-customers and conscientious employees, is the vitality stimulating our growth—the stability maintaining our steady earning power.

A. L. ELLSWORTH, *President.*

PROFIT AND LOSS ACCOUNT

Balance as at 31st December, 1931			$8,631,175.74
Less:			
Amount written off to reduce Goodwill to nominal amount of $1		$2,314,124.11	
Adjustment of prior years' accounts including additional Dominion Income Tax in respect to the year ending 31st December, 1931		10,875.83	
			2,324,999.94
			$6,306,175.80
Profit for year ending 31st December, 1932, before providing for Debenture Interest, Depreciation and Dominion Income Tax		$4,378,521.28	
Less:			
Debenture Interest	$ 234,623.39		
Depreciation	1,201,155.19		
Dominion Income Tax	340,000.00		
		1,775,778.58	
			2,602,742.70
			$8,908,918.50
Four quarterly dividends of 20c per share each on 2,622,642 shares for the year ending 31st December, 1932			2,098,113.60
Balance at 31st December, 1932			$6,810,804.90

ASSETS

Refinery Plants and Equipment; Bulk Storage and Branch Distributing Stations and Equipment; Service Stations and Equipment; Tankers; Tank Cars; Motor Trucks and Automobiles	$22,134,278.08	
Less: Reserves for Depreciation	7,300,039.96	
	$14,834,238.12	
Mortgages and Loans Receivable after provision for losses	792,228.94	
		$15,626,467.06
Investments in and Advances to Associated and other Companies		3,236,251.87
Cash in Bank and on hand at Head Office and Branches and in Transit	$ 715,879.86	
Accounts and Bills Receivable, after provision for Doubtful Accounts	2,422,548.73	
Inventories	5,434,603.42	
		8,573,032.01
Deferred Charges:		
Prepaid Insurance, Taxes and Sundry Charges	$ 156,639.14	
Advances to Salesmen for Expenses	11,940.70	
		168,579.84
Goodwill		1.00
		$27,604,331.78

LIABILITIES

CAPITAL STOCK:		
Authorized: 3,200,000 shares of no par value		
Issued: 2,622,642 shares of no par value	$10,618,117.50	
Surplus	6,810,804.90	
		$17,428,922.40
Reserve for Sinking Fund Debenture Purchases		28,518.75
Fifteen Year 5% Convertible Sinking Fund Gold Debentures due 1st March, 1945	$ 5,000,000.00	
Less: Redeemed and Cancelled	358,000.00	
		4,642,000.00
Mortgages Payable		33,000.00
Dividend Payable 3rd January, 1933	$ 524,528.40	
Bank Loan	3,000,000.00	
Accounts Payable and Accrued Charges, including Sales and Gasoline Taxes	1,529,995.56	
Interest Accrued on Debentures	77,366.67	
Reserved for Dominion Income Tax	340,000.00	
		5,471,890.63
		$27,604,331.78

DIRECTORS

G. W. ALLAN, K.C.	Winnipeg, Man.	COL. A. E. GOODERHAM	Toronto, Ont.
Hon. C. P. BEAUBIEN	Montreal, Que.	H. McSweeney	Atlantic City, N.J.
A. L. ELLSWORTH	Toronto, Ont.	J. Y. Murdoch	Toronto, Ont.
C. L. Suhr	Oil City, Pa.		

AUDITORS' CERTIFICATE

We report that in our opinion the above Consolidated Statement of the Assets and Liabilities of The British American Oil Company, Limited, and its Subsidiaries in Canada in which is incorporated the Assets and Liabilities of the Western Canada Division as at 26th December, 1932, is properly drawn up so as to exhibit a true and correct view of the Company's affairs according to the best of our information and the explanations given us and as shown by the books.

We have received all the information and explanations we have required.

Toronto, 10th February, 1933.

CLARKSON, GORDON, DILWORTH, GUILFOYLE AND NASH, *Chartered Accountants.*

COSMOS IMPERIAL POSITION STRONG EARNINGS POOR

Income From Investments Higher; Pref. Earned $3.65 Per Share

Cosmos Imperial Mills Ltd. earned but $2,287 from operations in 1932 as compared with $52,727 in 1931 but income from investments was up to $49,156 from $41,468. Preferred shares earned $3.65 against $5.98 in 1931 and dividends paid of $5.25 were partially taken from $48,833 transferred from investment reserve. Working capital position remains extremely strong with current assets of $1,474,218 and current liabilities of $135,067.

Production and sales of cotton goods lines were slightly under the volume of 1931, while value of sales reflected keen competition for the smaller volume of business available. Lower production costs were attained during the year although fluctuations in the raw cotton market made a difficult price situation. Possibility of developing new lines has been considered but results so far obtained do not justify any substantial capital outlay, according to S. H. Greene, president.

The income and surplus account for the past two years is as follows:

Income and Surplus Account, Years Ended Dec. 31

	1932 $	1931 $
Operating profit	2,287	52,727
Add: Other income	49,156	41,468
Net earnings	51,443	94,195
Less: Taxes	2,300	11,156
Net profit	49,143	83,039
Less: Pref. divids.	65,695	98,719
Deficit	16,552	15,680
Add: Previous surplus	317,452	409,897
Trans. from invest. reserve	48,833	......
Less: W-O investments		76,765
Surplus forward	349,733	317,452

Current assets include an increase in investments to $883,068 from $743,006 and in the 1932 total is included Dominion and provincial bonds to the par value of $831,000. Cash and call loans are reduced to $107,958 from $169,496; accounts receivable are down to $132,386 from $156,196 and inventories are up to $334,660 from $329,970. Current liabilities include bank loan in the United States of $110,000 which is secured while notes payable of $40,000 shown in 1931 are not included. Accounts payable are up to $10,450 from $3,502. Working capital position is as follows:

Working Capital at Dec. 31

	1932 $	1931 $
Current assets*	1,458,073	1,398,668
Current liabilities	135,067	70,283
Working capital	1,323,006	1,328,385
Ratio	10.8—1	19.9—1

*Excluding unexpired insurance prem.

Real estate, buildings, plant and equipment are shown at $2,462,538; deferred charges at $29,616 and investment in the subsidiary J. Spencer Turner Co. remains at $100,000. Reserve for depreciation is up to $434,039 from $366,103; contingency reserve is down to $4,895 from $10,000; investment reserve is down to $18,205 from $76,766 while $14,850 is provided for premium on U. S. Currency against bank loan. The 6½ per cent first mortgage bonds outstanding have been reduced to $830,400 from $859,400 and preferred stock outstanding to the amount of $1,354,300 shows reduction of $35,000. The 50,000 shares of no par common stock remain unchanged.

CANADA BUD BREW. COVERS DIVIDEND EARNINGS DOWN

Earned $1.06 Per Share in 1932 Against $1.57 in 1931

Canada Bud Breweries Ltd. earned $1.06 per share in 1932 as compared with $1.57 in 1931 and after paying dividends of $1 per share increased surplus to $145,796 from $140,199. Net earnings from operations were down to $200,014 from $328,436 and provision for depreciation was reduced to $25,000 from $65,355 in 1931. Sales in the first five months of 1932 showed small increase over the corresponding period of 1931 but the cool summer and lack of tourist trade affected sales in later months.

City Club Breweries Ltd. failed to meet operating expenses in the first six months of operation but have since been showing a small operating profit. Net loss by this subsidiary was $1,875 in 1932, before depreciation, on a sales volume of $279,163. Income and surplus account of Canada Bud Breweries Ltd. is as follows:

Income and Surplus Account, Years Ending Dec 31

	1932 $	1931 $
Net oper. earnings	200,014	328,436
Add: misc. revenue	4,365	5,697
Total earnings	204,379	334,133
Less: Depreciation	25,000	65,355
Int. and exch., bad debts, etc.	6,514	7,574
Res for income tax	14,500	26,018
Net profit	158,365	235,186
Less appropriations:		
Dividends	150,000	150,000
Surplus for year	8,365	85,186
Add: Previous surplus	140,199	57,169
Less: Sundry adjust		2,156
Tax adjust.	2,769	....
Balance carried forward	145,796	140,199

Working capital position of the company shows some reduction. Cash is down to $38,326 from $63,878; inventories to $209,929 from $216,387 while accounts receivable are up to $71,849 from $68,296 and stocks and bonds remain unchanged at $1,450. In current liabilities, bank bills payable are shown at $38,000; accounts payable are down to $85,167 from $99,699; bank cheques outstanding are down to $4,549 from $11,893 and mortgage and interest payable at $8,548 is also current.

Working Capital

	1932 $	1931 $
Current assets	224,784	350,011
Current liabilities	179,715	175,110
Working capital	145,069	174,901
Ratio	1.81—1	2.00—1

Land, buildings and equipment are carried at $1,080,894 compared with $1,058,975 in 1931. Shares of City Club Breweries Ltd. and advances are up to $97,530 from $58,787. Licenses remain at $150,000. Depreciation reserve is up to $181,505, while reserve for bad debts is shown at $1,560 and for foreign exchange $2,044.

Australian Economy Is Aiding Recovery

State Deficits Have Been Reduced; Business Better; Conversion of Internal Loans Saves $32,500,000 of Interest Annually

Recovery of Australia during the past year and a half from a situation so perilous that national bankruptcy threatened, has focussed attention on the measures employed by the Australian Governments to improve conditions to the extent that taxes can be reduced, import restrictions lessened, and balanced budgets are in prospect. Australian bonds listed in New York have moved up nearly 100 per cent in price over 1932 lows, evidence that investors see better security behind Australian dollar issues. Prices are still higher in London.

Some Canadians advocate corrective measures at home on the Australian precedent. An outline of the Australian efforts to balance the budget and improve business conditions is therefore of interest particularly in respect to the reduction in interest charges on Australia's internal debt.

Trade Balance Adverse

Early in 1931 Australia was in a critical position precipitated by fall in commodity prices and volume of export trade. Exports in the fiscal year ended June 30, 1930, had dropped to £36,500,000 compared with £61,600,000 the previous year. The overseas trade returns, including gold and silver exports, over the five preceding years had been as follows:

Visible Balance of Australian Trade

Yr. End. June 30	Imports £	Exports £	Balance £
1926	151,638,178	148,718,299	—2,919,879
1927	164,716,594	145,134,167	—19,582,427
1928	147,946,970	143,202,420	—4,744,550
1929	143,647,881	144,850,452	+1,202,571
1930	131,134,269	124,848,549	—6,285,720

External borrowing was becoming more difficult and higher interest rates had to be paid, while external debts of federal and state governments increased 36.5 per cent. The excess of debits in Australia's international account from 1919 to 1928 of £275,000,000 was met by long-term external loans to the extent of £266,000,000 and £9,000,000 of banking advances. The burden of external debt and interest charges was higher on a per capita basis than that of any other country in the world.

Went Off Gold Standard

So long as overseas borrowing could be transacted the exchange problem was not difficult but when foreign credits were curtailed late in 1929 the situation became acute. In December, 1929, the government prohibited the free export of gold and Australia went off the gold standard. The Commonwealth Bank acquired the gold reserves held by private banks. Gold was shipped by the government to London and an exchange pool was formed in London on which the service of the external debt of the Federal Government, states and public authorities was to be the first charge. Imports were drastically curtailed by imposition of high tariffs on some goods and prohibition of others. The official exchange rate was altered to correct the large difference between Australian and world costs and this also had the tendency to reduce imports and facilitate imports. As a result of these measures imports in the final quarter of 1930 were down 53 per cent from the corresponding quarter of 1929. The balance of international payments was further adjusted in 1930 by short-term borrowings and the prohibition of transfer of private funds to London.

Premiers Take Action

Early in 1931 exports were showing marked stability and equalled exports of the same period in 1930 while imports were running well under 1930 figures. While this aided exchange the gold reserves of the Commonwealth Bank were down to £15,000,000 and bank notes in circulation were rising. Unemployment was rife and in March, 1931, there were 115,500 trade unionists unemployed as compared with 63,100 unemployed in March, 1930. Further drastic measures were necessary to improve Australian credit at home and abroad. It was essential that the national and state budgets be balanced, that costs of production should be reduced and that external borrowings should be curtailed.

The Niemeyer Commission report of 1930 had been ignored but early in 1931 the banks issued a final warning that the volume of government expenditures must be checked and the premiers of the six states met and approved a plan to bring balanced budgets by the end of 1934. Known as the Premiers' Plan, proposals included a 20 per cent reduction in the 1929-1930 level of governmental salaries, a general cut of 12½ per cent in pensions, an increase of taxation on incomes of £700 and over, a 6 per cent increase in the sales tax and a 10 per cent increase in primage duties. Interest on all the internal debt of the Commonwealth and the states was to be reduced by 22½ per cent while interest rates on bank overdrafts and deposits, interest on mortgages, and on state savings bank loans were also to be reduced.

Deficits Reduced

The Premiers' Plan calls for a combined deficit for the federal and state governments of only £9,000,000 in the year ended June 30, 1933. The result in the year ended June 30, 1932, was a combined deficit of £18,826,000 of which £13,570,000 was the deficit of one state, New South Wales. The Federal Government had a surplus of £1,321,000. The aggregate deficit of the federal and state governments in 1930-1931 was £25,530,000. Results in 1931-1932 compare with an objective of £12,660,000 but the government in New South Wales, responsible for the deficit of that state, has since been replaced by a government which is in harmony with the economy plan of the other states.

The Premiers' Plan has enabled budget equilibrium to be reached earlier than expected; has given real relief to primary producers, has lowered production costs and has tended to reduce the cost of living. While the value of money has been reduced, the attendant sacrifice has been spread as evenly as possible over all classes of citizens. Taxation has reached the limit of capacity to pay and increases would not yield the revenue sought although some saving can yet be made in reducing expenditures on social services, mostly non-contributory pensions.

Taxes Reduced

While there yet remains room for substantial improvement in Australia the trend downward has been reversed and Prime Minister Lyons has said that only an increase in world commodity prices is necessary to complete Australia's economic recovery. The 1932-1933 budget brought no new taxation while primary producers were exempted from sales tax and primage duties. Certain import and exchange prohibitions were removed and new tariff schedules reduced duties on a number of items. Bank deposits in the Commonwealth have been increasing slowly for nearly two years; gold output has increased some 53 per cent since 1928; wool exports in 1932 were high and price averaged 8/4 per pound against 8/2 in 1931. Excellent seasonal conditions have aided recovery.

Interest Charges Reduced

Canadian investors have at least an academic interest in the method by which interest charges on governmental debts in Australia were scaled down in the summer of 1931. The cut of 22½ per cent in interest charges represented an annual saving to the federal and state governments of some £6,500,000. Bondholders were asked to convert their securities voluntarily into new bonds bearing lower coupon rates and 92 per cent internal bonds were turned in voluntarily while 5 per cent were converted automatically and objections were made to conversion of 3 per cent of outstanding internal issues. All bonds were finally converted.

On June 30, 1931, the debt of the Commonwealth and the Australian states was £165,118 of which £556,900,106 was owed in Australia and £599,136,012 was owed abroad. The debt of the states was £767,317,573 of which £342,776,085 was internal while the debt of the Commonwealth was £388,718,545 of which £214,124,021 was internal. Annual interest payments on the total governmental debts was £58,169,436 of which £29,742,105 was payable in Australia and £28,427,331 was payable abroad. Interest payments averaged over 5 per cent of total funded debt. National and state debt had increased by 80 per cent from 1918 to 1931 while population had increased by 30 per cent; per capita debt had increased from £131 in 1918 to £178 in 1931.

Convert Internal Loans

The conversion plan affected all holders of Australian internal issues whether resident in Australia or abroad. New bonds bearing maturities of from seven to 30 years were issued in exchange for outstanding bonds; the longer term bonds being redeemable in 1950. Holders of tax free and non-callable issues were invited to convert their bonds for bonds carrying a lower interest rate while holders of prewar bond issues were offered concessions. Holders of 5¼ per cent bonds were offered 4 per cent bonds at a premium; holders of 5 per cent bonds could exchange into 3⅞ per cent bonds at par or 4 per cent bonds at a discount while bonds bearing less than 5 per cent coupons were exchanged into 3 per cent bonds at a premium or 4 per cent bonds at a discount. A total of £450,000,000 5¼ per cent bonds was turned into 4 per cent bonds; £45,000,000 of 5 per cent bonds were turned into bonds bearing interest at 3⅞ per cent or 4 per cent and £61,000,000 of bonds with less than a 5 per cent coupon rate were turned into issues bearing 3 or 4 per cent.

The amount of new debentures issued in the exchange was determined by actuarial valuation, where necessary, after taking into account the interest rate and date of maturity of each existing maturity and after allowing for a general reduction of 22½ per cent in the interest yield. Special provisions were made for existing tax-free securities. Other converted securities were to be free from state income tax and provision was made for their exemption from many increase in the existing Commonwealth tax. Canadian exporters who held Australian internal bonds which represented proceeds of goods exported to Australia and invested in that country due to the difficulty of transferring funds were affected. If it could be shown that the securities held were purchased as short-term investments conversion into special short-term issues was provided but otherwise the bondholder received the securities issued to Australian investors.

Little Headway on Seaway Plan Made by U. S. Senate

Although the St. Lawrence seaway plan was approved by the U. S. Senate sub-committee on foreign relations there seems little likelihood that it will come up before the Senate for ratification during the present short session, according to an opinion expressed by Hon. R. J. Manion in the House of Commons on Feb. 10.

One amendment to the treaty was made by the sub-committee. In accordance with an agreement on the part of Canada, the sub-committee wrote into the pact an agreement preventing extension under its terms of a power right now held by the Aluminum Company of America plant at Massena, N.Y., on the site of the proposed international development.

It was stated in the House that the treaty will first be approved by the United States and then will come before the Canadian Parliament but this will hardly occur during the present session. If any major charges in the present drafting of the treaty are insisted upon by Washington this will provide a vital barrier to progress during 1933.

New Tariff Plan of U.S.A. Fails to Pass Congress

The new tariff wall plan of the Republican government of the United States was defeated in the United States House of Representatives on Feb. 13 by a vote of 212 to 174.

Calling for the raising of duties on imports from countries having depreciated currencies the new tariffs which were proposed would have seriously affected the remaining trade which Canada has with the United States.

No Fixed Plan On Debt Probe Yet Prepared

By Staff Editor

OTTAWA. — Investigations by the banking and commerce committee of the House of Commons, under the chairmanship of R. C. Matthews, of Toronto, into debts and interest rates in Canada, is just about to start. No definite plan for the discussions has been adopted yet, The Financial Post is authoritatively informed. It is hoped that the question can be discussed from clear and simplified viewpoints.

Alfred Speakman, the U. F. A. member for Red Deer, who made the resolution proposing the investigation, has certain definite notions as to what he will propose to the committee, however. One of the chief suggestions will be that a comparative study be made of loan and deposit rates for Canada, the United Kingdom and the United States, Mr. Speakman told The Financial Post. There is little material of this nature available now. Mr. Speakman also hopes to get some valuable testimony from responsible debtors.

Mr. Speakman's statement in the House, in presenting his resolution, that there was over $12,000,000,000 of public and private debt outstanding in Canada, appears conservative. This estimate does not include mortgages on urban property, sales agreements or small private debts. His estimate of interest on this debt, of $720,000,000 per annum, was considered high by the Minister of Finance, but would probably be within the limit, if all debts were considered.

Speakman of U. F. A. Tends To Conservatism

By Staff Editor

OTTAWA. — Alfred Speakman, U. F. A. member of Parliament for Red Deer, Alta., who recently gained prominence through his resolution to investigate interest rates in Canada, is considered one of the most level headed members of his party. There is almost a tradition among members of the House as to Mr. Speakman's conservatism in his statements.

Mr. Speakman has been a member of the pensions committee of the House since 1921 when he was first elected, and is chairman of the land settlement board. He was one of those responsible for revaluation of soldier settlement lands and a cut of 30 per cent in indebtedness of such landholders two years ago. This has brought him into contact with debts, and will probably aid him in his procedure in treatment of his present resolution. Mr. Speakman was not in public life prior to 1921.

In 1925 Mr. Speakman made a noted speech in the House on the Petersen shipping question, his address being considered one of those which defeated the proposal for the government to compete in the shipping business on the North Atlantic.

The Red Deer member is a farmer by trade, but rents his property at present so that he can devote himself to the duties of his office. He told The Financial Post that his share of the crops do not reimburse him for his outlay on taxes and necessary upkeep. The tenant also has difficulty in getting a living off the land which is devoted to dairy and mixed farming. "I could do very well with a longer day," Mr. Speakman told The Post, in discussing his work outside his hours in the House. Reading, pensions cases, correspondence and other official duties require all his spare time, he said.

Went West Early

Mr. Speakman came to Canada in 1890, at the age of ten, and was in the West before the Calgary and Edmonton Railway was built and before schools were erected in that district. However, he received a liberal education from his father who was a scholar and a former school principal. Despite his early emigration to Canada, Mr. Speakman still bears a decided trace of a Scottish accent, which may be either due to his childhood associations in Dundee, where he was born, or to his early home life.

London Realty Earns Bond Interest in 1932

London Realty Co. operating Hotel London at London, Ont., earned bond interest before depreciation in 1932 but in view of the unsettled conditions payment of preference dividends has been deferred in order to preserve the company's liquid position for bond interest which falls due May 1. Annual meeting of the company was held on February 9.

It is stated that earnings of the hotel are running ahead of earnings a year ago due to slight increase in traffic as well as substantial cuts in general overhead expenses. It is stated that the management expresses confidence in being able to meet bond interest requirements due in 1933. Directors of the company were elected as follows: J. J. Lussier, John S. Moore, Major G. J. Ingram, D. B. Weldon, R. G. Ivey, Colonel G. E. Reid, A. W. McLellan and R. A. Lussier.

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LET US SERVE YOU AND YOUR FAMILY

REAL ESTATE LOAN PROFIT SHOWS GAIN

Shares Earn $8.81, Sterling Debentures Outstanding Slightly Higher

A small increase in income from investments, shown at $113,551, and reduction in expenses of money borrowed and lent and in management expenses, enables Real Estate Loan Co. of Canada Ltd. to show net profit of $44,081 in 1932, equal to $8.81 per share, as compared with $38,802, or $7.76 per share in 1931. Liabilities to the public show slight increase at $816,598, the amount of sterling debentures outstanding being $718,585 and currency debentures $92,108.

Assets total $1,649,099 and include mortgage loans which are up to $1,463,911 from $1,459,361 in 1931 while interest due and accrued is up to $44,596 from $42,625. Real estate held for sale is up to $46,655 from $36,736. From surplus real estate reserve of $8,686 has been provided as compared with $6,681 in 1931. Dominion of Canada and provincial bonds are up to $16,079 from $15,111 and stocks and municipal debentures are up to $59,588 from $54,343. Cash has been reduced to $7,876 from $34,707 while accounts in Great Britain are up to $6,180 from $199.

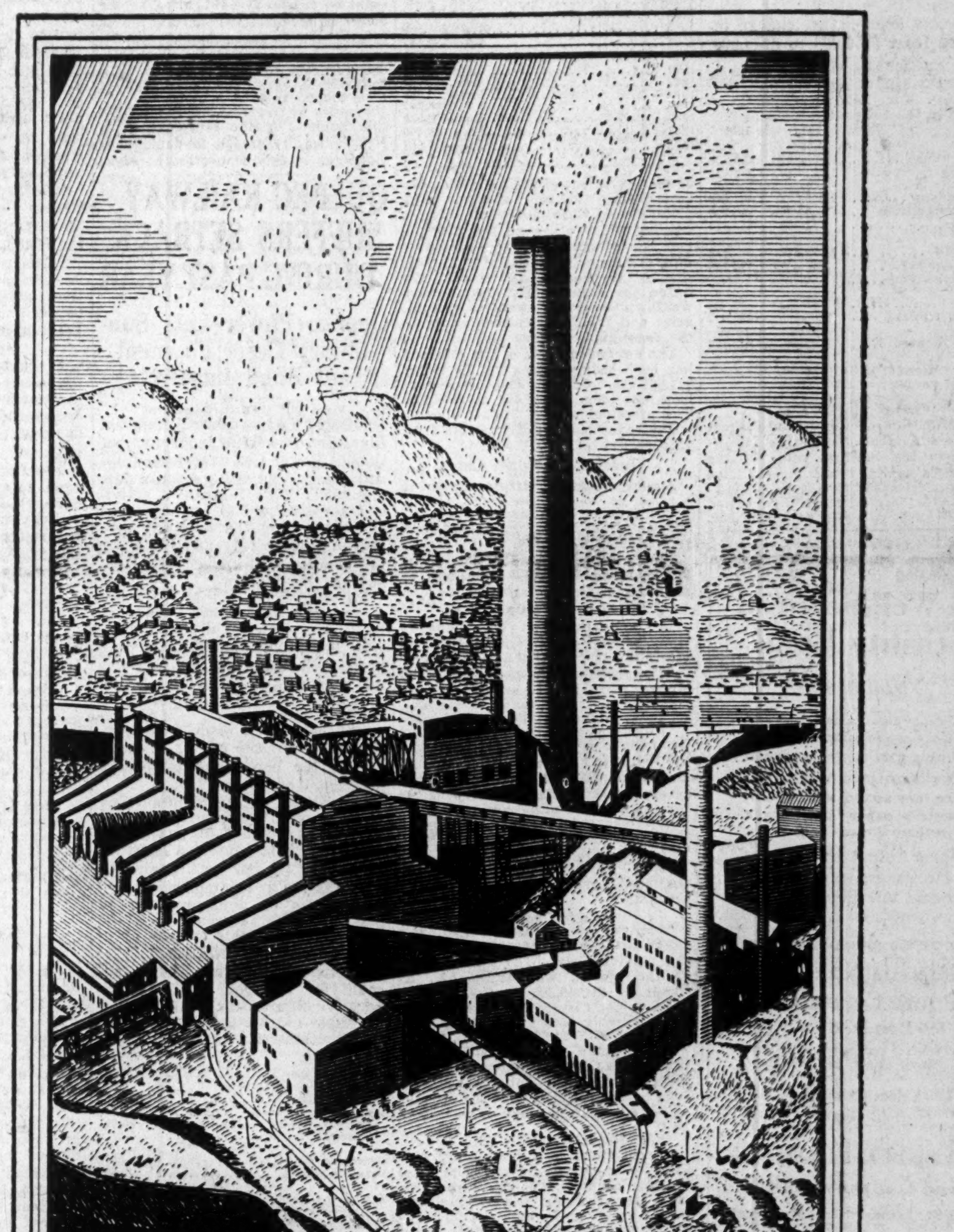
There remains ootstanding $500,000 of fully paid stock and rest account shows no change at $310,000. Dividend payable is shown at $17,500 and the company has made no change in the dividend rate of 7 per cent which has been in effect since 1913.

Earnings record of the company in the past five years has been as follows:

Earnings Record

Year	Paid-up capital $	Net profits $	Div. rate $	Rate earned per sh. $
1928	500,000	41,321	7	8.26
1929	500,000	41,405	7	8.28
1930	500,000	44,423	7	8.88
1931	500,000	38,802	7	7.76
1932	500,000	44,081	7	8.81

THE STORY OF A GREAT CANADIAN INDUSTRY—INTERNATIONAL IN SCOPE



1930

Ready for the future ....

The tremendous industrial development of the past decade created a natural demand for increased quantities of Nickel and Monel Metal.

This natural demand was greatly augmented by the intensified efforts of the company's sales organization. The productive capacity of mine and plant became strained.

It soon became imperative that the company must give to purchasers of Nickel and Monel Metal throughout the world, a tangible assurance of its ability to take care of their requirements unfailingly—that their production would be uninterrupted no matter what sudden demand for Nickel might spring up.

If this were not done the specification of Nickel Steels and Monel Metal throughout industry would soon be questioned on the basis of doubtful delivery. Attention would thereby be directed to other competing metals of somewhat similar characteristics.

Adequate plants and the maintenance of large stocks of refined Nickel therefore became essential.

Accordingly in 1924 a well planned program of expansion was undertaken involving the expenditure of approximately fifty million dollars in Canada; the major projects of this program were completed in 1930.

Today ore reserves sufficient for 100 years at the present rate of production, and one of the largest, most efficient and permanent metal producing plants in the world, say to industry "Use Nickel; we are able to take care of your requirements no matter what they may be."

Protecting those markets already gained and ever seeking new ones—Nickel is ready for the future.

INCO NICKEL
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Greater use of Nickel and Monel Metal means a greater measure of prosperity for Canada.

Large ore reserves are of little value unless a correspondingly large demand exists — world markets are essential.

Send for "The Story of Nickel" a booklet dealing with the history and development of Nickel. Write to the Company at 25 King St. West, Toronto.

THE INTERNATIONAL NICKEL COMPANY OF CANADA
LIMITED

Utilities and Transportation

QUEBEC POWER SHARE EARNINGS $1.81 LAST YEAR

Change in Capital Stock Value Feature of Report

CONTRACT WITH CITY

Company Hopes to Effect Settlement; Tramway Operations Lose Money

From Our Own Correspondent

MONTREAL.—Operating revenues of Quebec Power Co., controlled by Shawinigan Water and Power Co. were well maintained last year, net profits, after all charges, being equivalent to $1.81 a share compared to $2.24 a share in 1931.

Revenues would have been on a better scale had it not been for the unsatisfactory returns from the tramway divisions. There was no income from the company's investment in Quebec Railway, Light and Power Co., while the Montmorency Division was unable to meet operating expenses.

Highlights of Report

Highlights of the 1932 report follow:

Gross income totalled $3,109,298 compared with $3,392,826 in 1931;

Common share earnings equalled $1.81, down from $2.24 in 1931;

Surplus after all charges was $100,547 as against deficits of $72,722 in 1931;

Net funded debt has been reduced by $145,368;

Capital stock has been given a value of $25 a share and difference used to write down value of investments and to increase depreciation reserve;

Regular depreciation charge increased from $150,000 to $250,000.

Particulars of Income

Comparison of income and distribution for 1932 and 1931 is shown in the following table:

	1932	1931
	$	$
Gross revenue	3,109,298	3,392,826
Less: Oper. expenses	1,244,070	1,388,026
Net earnings	1,865,228	2,004,800
Less: Depreciation	250,000	150,000
Interest	611,268	613,677
Net profit	1,003,960	1,241,123
Less: Dividends	763,413	1,313,845
Cont. reserve	140,000	......
Balance	100,547	72,722
Brought forward	*206,555	†386,502
Carried forward	‡307,102	313,780

*After payment of 1931 income tax.
†After payment of 1930 income tax.
‡Subject to payment of 1932 income tax.

Change Stock Value

Examination of the balance sheet reveals a number of changes following upon the changed value of the company's capital stock. Assets have been cut from $32,371,133 to $29,116,453. In 1931 capital stock was carried at $17,571,305; this year at $13,829,950, or the equivalent of $25 a share on the outstanding 553,198 shares. The difference of $3,741,355 represents the surplus which arose on the offering and sale of shares of the company in 1928 at a price in excess of $25. This surplus has been distributed in the following manner: $3.000,00 toward writing down investments in subsidiaries and $741,355 has been added to the depreciation reserve.

The net funded debt of the company has been reduced from $11,881,000 to $11,735,632. Current liabilities have been cut from $1,357,579 to $894,023. The principal change in this division is the reduction in bills payable from $250,000 to $150,000.

Investment Values Cut

Among assets property and plant is carried at about the same figure. Securities and investments in subsidiary companies have been lowered from $9,892,999 to $7,099,404.

Current assets have declined from $1,090,512 to $768,549. Call loans of $66,000 have been eliminated.

Smith Reviews Operations

In reporting upon operations in 1932 Julian C. Smith, president, had the following to say in part:

"The revenue does not include any return from the Company's investments in the securities of the Quebec Railway, Light and Power Company.

"From the surplus earnings of the Company there has been transferred to depreciation renewal reserve an amount of $250,000 and to contingent reserve account $140,000, the latter for the purpose of providing for the losses incurred in the operations of the Quebec Railway, Light and Power Co., and the Quebec Cartage and Transfer Co. and also to provide for possible losses from doubtful accounts.

Gain in Customers

"The Company's customers number 45,267 being an increase of 906 over the previous year. The highest load of the system was 42,213 h.p. as compared with 45,333 h.p. the previous year. In the City of Quebec alone the corresponding load was 25,333 h.p. as compared with 24,666 h.p.

"During the year the distribution lines of the Company were extended in the Counties of L'Islet and Kamouraska on the south shore. The number of communities now served is eighty-five.

Negotiate With City

"Negotiations are continuing with the City of Quebec regarding renewal of the contract, which expires in 1935, for lighting the streets and public buildings in that city. This is an important matter and it is hoped that it may be concluded in a manner satisfactory to the City and the Company. The Company has a continuing right to supply light and power to other consumers.

Shawinigan's Power Output Holds Up Well

From Our Own Correspondent

MONTREAL.—Twenty-nine years ago Shawinigan Water and Power Co. reported a total output of 113,000,000 kilowatt hours; last year production aggregated 3,266,815,903, or roughly 30 times greater. It is interesting to note that the average increase in output over the last 28 years has been equivalent to the total production reported in 1904.

The growth in transmission and distribution lines has been equally impressive. In 1904 the company probably had less than 200 miles of line, including the main transmission line to Montreal, a distance of some 84 miles. At the end of last year Shawinigan owned or controlled close on to 5,000 miles of transmission and distribution lines.

Record of Expansion

Particulars of the company's output of energy between 1904 and 1932 follow:

GENERATED & PURCHASED ENERGY
(Firm, Secondary & Hydraulic)

	Kilowatt Hours
1904	113,000,000
1905	128,000,000
1906	178,000,000
1907	228,000,000
1908	295,000,000
1909	324,000,000
1910	365,000,000
1911	438,000,000
1912	528,376,985
1913	629,922,072
1914	671,844,000
1915	693,934,388
1916	782,649,846
1917	946,706,999
1918	1,058,127,769
1919	1,031,111,695
1920	1,140,759,076
1921	863,124,240
1922	1,383,390,773
1923	1,593,231,780
1924	1,971,759,587
1925	2,333,810,576
1926	2,468,650,407
1927	3,021,201,950
1928	3,270,702,052
1929	3,726,436,341
1930	3,528,538,528
1931	3,436,436,460
1932	3,266,815,903

A Well-Secured Utility Bond

Yielding 6.70%

Twenty-one communities and 18 of Canada's important producing gold mines, located in Northern Ontario and Quebec, are served with hydro-electric power by Canada Northern Power Corporation.

Power output and number of customers served has increased 20% during the past two years.

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MONTREAL ISLAND POWER ANNOUNCE LARGER REVENUES

Damage by Flooding Brings Number of Lawsuits in Wake

From Our Own Correspondent

MONTREAL.—Montreal Island Power Co., now controlled by Montreal Light, Heat and Power Consolidated, reports a moderate improvement in earnings and a larger surplus during 1932 as compared with the previous year.

Financial statement for last year reveals a gross income of $766,989. This compares with $702,444 during the preceding 12 months period. Owing to increased expenditure on taxes and payment of premium on purchase of United States funds for bond interest, expenses moved forward from $145,097 to $170,446, leaving a balance of $596,523 for fixed charges, as against $557,347 in 1931.

Shows Larger Surplus

Particulars of the income account for the past two years follow:

	1932	1931
	$	$
Gross income	766,989	702,444
Less: Expenses	170,466	145,097
Net earnings	596,523	557,347
Less: Fixed charges	513,481	512,673
Balance*	83,042	44,673

*Transferred to depreciation reserve.

Liabilities Are Cut

Balance sheet position at December 31, 1932, shows some improvement, assets totalling $10,944,652 as against $10,917,836 at the close of the previous year. The funded debt remains unchanged, while bills payable have been cut down from $130,000 to $90,000. Current liabilities have been lowered from $118,162 to $101,935. Capital stock issued is unchanged.

During the past year $31,870 was spent on capital account, bringing the book value of fixed assets up to $10,816,442. Cash on hand, accounts receivable and investments show little change from those reported in 1931. Deferred charges have moved forward from $10,217 to $11,189.

Feature of the remarks made to the shareholders by the president, J. S. Norris, was reference to damage by flooding. In this connection he says:

QUEBEC RAILWAY SUFFERS SETBACK DURING PAST YEAR

Quebec Power Lets Subsidiary Defer Payment of Bond Interest

From Our Own Correspondent

MONTREAL.—Quebec Railway, Light and Power Co., subsidiary of Quebec Power Co., experienced unsatisfactory operating results during 1932. This company's activities are divided into two divisions, one comprising the tramway system in Quebec City and the other the electric railway between Quebec and St. Joachim.

Passengers carried on the tramways last year declined in number by 10 per cent. While equipment was maintained, conditions have been such that this division has not been able to set up proper depreciation or to pay interest on its bonded indebtedness. Arrangements have been made with Quebec Power for the waiver of interest on the bonds and temporary deferment of payment.

Operations of the Montmorency division were equally unsatisfactory. The number of passengers carried in 1932 showed a decrease of almost 30 per cent compared with 1931. Car loadings registered a decrease of approximately 50 per cent, with the result that the company was unable to meet operating expenses of the division.

Particulars of the income account for last year follow (comparative figures for 1931 are not available as this is the first time that the statement has been made public):

	1932
	$
Gross revenue	1,241,006
Less: Oper. expenses	1,291,968
Percent. to city	40,617
Interest*	34,778
Operating deficit	126,352
Previous surplus	79,667
Deficit forward	46,685

*Does not include interest on bonds held by Quebec Power Co.

Details of Assets

Balance sheet of the company at December 31, 1932, showed assets of $7,277,390. Capital stock, all owned by Quebec Power, is represented by $750,000 of preferred and $2,500,000 of common. The bonded indebtedness amounts to $3,000,000. There is also a mortgage payable amounting to $15,670. Current accounts aggregate $166,768, not including liability to the Quebec Power Co. for bond interest amounting to $255,000. Reserve for depreciation totals $844,952.

Of the assets, property, plant, rolling stock and autobuses are carried on the books at $6,983,193. Securities of subsidiaries have a book value of $119,982. Current assets total $103,467 and deferred charges to operation $24,061.

Ottawa Electric Railway Reports Traffic Decline

From Our Own Correspondent

MONTREAL.—Preliminary figures on operations of the Ottawa Electric Railway Co. for 1932 indicate that the tram system carried 23,472,347 passengers, a decrease of 3,057,405 as compared with 1931 when 26,529,752 passengers were carried.

Earnings amounted to 2.99 per cent on the average investment and working capital.

At the annual meeting Hon. Thomas Ahearn was elected president. F. D. Burpee was elected vice-president and G. L. Snelling, secretary-treasurer. Other directors elected were: T. F. Ahearn, M.P.; Geo. P. Murphy, Geo. F. Henderson, Thos. Workman, Otis G. Whelan, and Harold W. Soper, of Montreal, who succeeded his brother, the late Elbert N. Soper, of Ottawa.

Moncton Tramways Elect New Directors

From Our Own Correspondent

MONTREAL.—Following are the directors elected at the annual meeting of the Moncton Tramways, Electricity and Gas Co.: D. H. Bender, Chicago; E. A. Cummings, Moncton; H. C. Orton, Chicago; J. N. Canniva, Dubuque, Iowa; and H. T. Pritchard, Chicago. Officers will be elected at a meeting of the directors to be held at a later date.

Moncton Tramways is a subsidiary of Utilities Light and Power Corp., of Chicago, which also controls other utilities in the Maritime provinces.

Montreal Light Power Sales off

From Our Own Correspondent

MONTREAL. — Sales of electrical energy by Montreal Light, Heat and Power Consold. during 1932 amounted to 1,249,312,710 kw.h. compared with 1,557,929,949 kw.h. in 1931 and 1,650,636,536 kw.h. in 1930. In this connection it is observed that at the annual meeting of the shareholders, John S. Norris, president, stated "we have fixed charges for purchased power—power that cannot be sold under present conditions."

As regards earnings on common stock, Mr. Norris pointed out that Montreal Power was not as badly off as some American utility concerns whose earnings, on the average, are down 33 per cent as compared with 1931 and 41 per cent as compared with 1930. Montreal Power's earnings are down about 10 per cent as compared with either 1930 or 1931.

HARBOR BOARD LEGISLATION MAY NOT BE PRESSED

But Government Will Soon Put Gibb Report in Bill

From Our Own Correspondent

OTTAWA.—Whether or not the government will introduce legislation this session implementing the Gibb report depends upon the decision of Premier R. B. Bennett. The report, in the entirety of its recommendations has been drafted into legislation. This legislation is ready for introduction on short notice, if it is decided to proceed with the reforms this year.

It is learned that the government has not sought to approve or disapprove the report or to exercise discretion as between one recommendation and another. The whole report has been turned into a bill and if the government decides to proceed with it, this bill will be presented to parliament not so much as a government measure as legislation resulting from the report.

As a general policy, the government is restricting this year's legislative programme to the minimum and if the bill promises to be controversial it is not unlikely the government will stand it over until 1934. Another, quite probable course, is to introduce the bill and allow a thorough discussion to take place. If the Commons evidences no disposition to enact it, the measure could either be withdrawn or allowed to die on the order paper.

It is evident, however, that the government has no intention of allowing the Gibb report to be permanently pigeon-holed. Sooner or later, this year or next, the legislation will be put through and the financial control now exercised by the various harbor commissioners will be centralized in a national harbor board. But the prevailing feeling of Ottawa is that there is no urgency in the matter.

CANADA'S POWER PLANTS HAVE GENERATING CAPACITY 25% ABOVE PRESENT NEEDS

(Continued from page 1)

is set forth in the accompanying table. As a matter of interest, and of comment later, the export of electrical energy is also shown for each of the years between 1923 and 1932.

Maritime Needs Grow

It is of interest to examine the returns of the central stations by economic areas. For purpose of convenience the Dominion Bureau of Statistics reports production of electric energy by five areas. Between 1930 and 1932 the Maritime Provinces reported a healthy increase in production, due primarily to two factors. First was the increased power needed for the new pulp and paper mill at Liverpool, N.S. Secondly the construction of the St. John River Power Co.'s plant at Grand Falls in order to take care of the power requirements of the New Brunswick International Paper Co.'s plant at Dalhousie and to the larger needs of Fraser Co.'s. Demands of these three power users are reflected in the returns for the Maritimes.

Quebec has managed to hold up its Central electric station production, but the decline in consumption is evidenced by comparison of 1932 output with that for 1930.

Ontario Sets Pace

Probably the greatest change in the power industry has taken place in Ontario, where production has dropped from 5,972,568,000 kw.h. in 1930 to 4,147,091,000 kw.h. in 1932.

The Prairie Provinces have managed to hold their own, as also British Columbia as will be seen in the following table covering output in the five areas from 1930 to 1932:

Energy Generated by Water Power in Thousand K.W.H.

	1932	1931	1930
Maritimes	580,234	577,660	468,517
Quebec	8,460,610	8,281,508	8,837,910
Ontario	4,147,091	4,752,705	5,972,568
Prairie Provinces	1,222,088	1,274,882	1,122,215
British Columbia	1,142,595	1,184,290	1,158,761

Major Producers' Experience

Complete returns are not yet available on production of the major power producers and distributors. Returns for ten companies are available, however, and it is interesting to note that only three concerns report a production in 1932 larger than in 1931. This is direct reflection of the decline in consumption. In the case of Canada Northern Power output was stimulated by the increased operations of the gold mining companies.

Earnings Not Reflected

It is well to point out in examining the production figures of the following ten companies over the last three years, that much weight should not be given to these figures as indicating the trend of earnings. As a matter of fact, such figures are regarded as having no particular value because of the many and varied conditions which enter into the sale of power. Differences in rate structure, percentage of output sold on a flat rate, amount marketed under contract, amount sold as secondary power, etc., are all items of importance to be considered in judging earning power in relation to production.

Output in Kilowatt Hours

	1932	1931	1930
Shawinigan	3,266,815,903	3,436,436,460	3,276,114,085
Montreal Power	1,249,312,710	1,557,929,949	1,650,636,536
Southern Canada	170,317,150	161,061,600	170,128,882
Canada Northern	441,150,290	418,226,810	367,130,780
Winnipeg Electric	188,529,400	179,508,200	177,590,100
Manitoba Power	306,609,000	384,775,000	420,938,000
Northwestern Power	23,717,800	50,235,200*	......
East Kootenay Power	69,305,642	72,306,500	80,295,900
B.C. Power	467,891,270	492,612,852	471,711,271
N.B.C.	8,603,183	8,945,824	8,836,679

*7 months.

Present Installation Heavy

In discussing the current situation in the water power industry, the Dominion Water Power and Hydrometric Bureau points out that at the beginning of this year the total hydraulic installation of the Dominion averaged 670 h.p. per thousand of population, a figure which places Canada in an outstanding position among the water power using countries of the world.

At the beginning of 1933 the industry's total hydraulic installation amounted to 7,045,260 h.p. Of this, 6,111,641 h.p. or 86.8 per cent was installed in central electric stations for general distribution for domestic, municipal, commercial and industrial use. A considerable proportion of the power generated by this installation en bloc for the manufacture of pulp and paper, for the mining and reduction of minerals and for electro-chemical production.

Major Power Outlet

Power plants of pulp and paper mills account for 600,996 h.p. or 8.5 per cent of the total installation. In addition to this installation the pulp and paper companies have motor equipment for operation by hydro-electricity purchased from the central stations aggregating more than 1,007,000 h.p. Large amounts of surplus or off-peak electricity are also purchased from the central stations for use in electric steam boilers.

Mines' Needs Growing

Of the 332,623 h.p. installed in other than the central electric station and pulp and paper industries, the mineral industries has the largest installation, more than 110,000 h.p., and in addition purchases electricity from central electric stations to operate a motor installation of more than 600,000 h.p.

The electro-chemical industry also utilizes large amounts of hydro-electricity while hundreds of saw, grist and grinding mills operated by water power supply the needs of their respective communities. Other miscellaneous outlets include machine shops, municipal pumping plants and electric railway operations.

Industry Depends on Power

More than 62 per cent of the power equipment of the general manufacturing industries of Canada is represented by electric motors for operation by power purchased from central electric stations while a number of industries purchase their entire power requirements.

As more than 98 per cent of the total electrical output of central electric stations is generated by water power and the small amount generated by fuel stations is mainly distributed in communities of limited industrial operation it follows that the electricity used for industrial power in Canada is practically 100 per cent generated by water power.

In addition to the electricity for motive power a considerable amount of surplus or off-peak power is used for the production of steam in electric boilers. There has been a considerable increase in the installation of these boilers recently, providing a market for electricity formerly used for motive power or generated by equipment whose installation was under way before the reduced demand for power became evident.

Another important outlet for power generated by the central electric stations is the export market. During the past few years, however, this market has steadily declined in importance, particularly has this been the case over the past 12 months. This reflects lower industrial operations in New York State. On the other hand it is doubtful if the export of power will achieve its high mark of a few years back for some time to come.

In the event of the development of the St. Lawrence Waterways scheme, Northern New York State will have all the power needed for many years. Though this project is still in the "talk" stage, there is a possibility that it will be proceeded with and in that event the export market for Canadian power will further diminish.

Export Market Over-rated

During the past few weeks there has been considerable discussion on the possibility of export of power being made legal for the operators. At present there are about a dozen companies which, under the terms of the old agreements, are permitted to export power to the United States. Recent developments have not got this privilege. Many are of the belief that such a move would go a long way toward cleaning up the existing surplus of power, but those engaged in the industry do not attach much importance to the privilege of being able to export power.

With the cessation of new developments, it is to be expected that the present slack between capacity and demand will be absorbed. The quickness with which this is done will depend upon industrial recovery. It is only reasonable to anticipate, however, that not many years will pass before consumption is at or near the potential capacity of installations.

	Turbines Installed H.P.	Potential Output in M.K.W.H.	Actual Output in M.K.W.H.	Exports in M.K.W.H.
1932	7,045,260	21,135,780	15,986,414	667,879
1931	6,666,337	19,999,011	16,315,802	1,235,000
1930	5,401,108	16,203,324	18,093,802	1,619,603
1929	4,925,555	14,776,665	17,962,515	1,444,524
1928	4,627,667	13,883,001	16,337,804	1,587,761
1927	4,173,349	12,520,047	14,549,099	1,632,614
1926	3,769,323	11,307,969	12,093,445	1,506,002
1925	3,569,527	10,708,581	10,110,459	1,285,540
1924	2,849,450	8,548,350	9,315,277	1,302,317
1923	2,423,845	7,271,535	8,099,192	1,343,501

BOARD APPROVE RATE SCHEDULE AVON POWER CO.

From Our Own Correspondent

MONTREAL.—Rates for the sale of power by the Avon River Power Co. to the parent company, Nova Scotia Light and Power Co., and from Nova Scotia Power to Avon River Power in case of emergencies, have been fixed by the Nova Scotia Public Utilities Commission.

Application of the Avon Power for approval of amendments to its schedule of rates dealt with the Black River development, completed in 1930 and capable of producing 4,250 kva. A 66,000-volt transmission line was erected at a cost of $179,631. As the hydro plant cost $560,766, total cost of the development was $743,397.

Return of 6 Per cent

The commission's decision set forth that Avon River Power had consented to forego the full statutory 8 per cent return on capital as the traffic could not reasonably be expected to carry it, and the rate requested was based on the return generally being obtained in the Annapolis Valley territory, namely, 6 per cent.

Though full particulars of the new schedule are not available, it is stated that the tariff approved calls for delivery at the terminus of the line at Sackville of 66,000 volts alternating current to any customer taking a 20 year contract for 1,500 kw. or more, and having return power available for interchange.

Service charges is set at $1,666 per kw. per month of the contract amount (1,500 kw.) or the demand, less .23 cents per kw.h. of deficiency, if any, for such time as power available falls below the contract amount.

The energy, or break-down service charge is 5 cents per kw.h. additional, in excess of the contract amount, and the energy charge is one-half cent per kw. h.

To take delivery of this current, Nova Scotia Power has constructed a transmission line from its Armdale substation to Sackville.

Fix Re-sale Rate

The rates the Board allowed Nova Scotia Power for emergency service and surplus power calls for 1.5 cents for each kw. h. of energy, subject to an increase or decrease of .03 cents for each change of 25 cents per ton of coal above or below a cost of $5 per cent delivered to the bunkers of the company.

Avon River Power also is subject to a flat rate of $100 for each time the steam plant of the parent company is specially put into operation to supply emergency current.

Canned Tomatoes Exports Gain

Canned tomatoes exported from Canada in 1932 amounted to 13,238,203 pounds, an increase of 6,823,813 pounds over the 1931 exports. Exports of Canadian canned fruit, particularly pears, increased from 5,329,302 pounds in 1931 to 10,289,295 pounds in 1932. This increase was mainly due to larger shipments to Great Britain which amounted in 1932 to 9,329,780 pounds as compared with 4,911,678 pounds in 1931.

Province of British Columbia
12 Year Bonds to yield over 6%

The Minister of Finance of British Columbia has just authorized the statement that, "The estimated expenditure for the fiscal year ending March 31, 1933, will represent a reduction of more than $5,000,000 from the actual expenditures of the previous fiscal year".

The 12 year bonds bear 5½% coupons and mature February 1st, 1945. Denominations of $500 and $1,000 are available.

Price: 95.50 and interest, yielding over 6%.

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Sun Life Makes Gains Through Three Years Continued Depression

World-wide Life Insurance Organization Reports Position Maintained During 1932 — President T. B. Macaulay States Belief That Fundamental Basis Has Been Laid for Return to More Normal Conditions—Managing-Director Arthur B. Wood Reviews Company's Progress in Face of General Business Contraction, Reveals Company's Own Policyholders Contributed 40 Per Cent of New Canadian Business in Past Year.

A strong message of courage and conviction that the world is now gradually emerging from the throes of the severest depression of which history has any record, was voiced this week at Montreal by President T. B. Macaulay at the annual meeting of the Sun Life Assurance Co. of Canada. "It has been a time of testing," said Mr. Macaulay, "but the life insurance companies have emerged from it with enhanced prestige——when normal times do return the position of our company will indeed be an enviable one."

Analyzing the company's report, Vice-president and Managing Director, Arthur B. Wood praised the company's achievement in producing so great a volume of business, pointing out that applications were received during 1932 for an amount considerably in excess of $1,000,000 for every working day of the year. He stressed the fact that the company had been able to perform a vital economic service in meeting the needs and demands of policyholders during such a difficult time. Total disbursements of this nature during the year were over $108,000,000, which together with all other disbursements were amply met from current income as they arose

Add 205,000 Policyholders Since 1929

In closing, Mr. Wood stressed the fact that ordinary standards of comparison are of little value in times like these. "We can feel," he said, "proper pride in the fact that since 1929 we have added 205,000 policyholders to our membership, while assurances in force have advanced by $480,000,000 and assets by $43,000,000. Of very great social and economic importance is the fact that during these three years of widespread distress and difficulty we have paid out to the public more than $300,000,000 in benefits under their policies. In times of adversity, as in prosperity, the Company has continued to serve its world-wide constituency, fulfilling in an ever-enlarging way the functions for which it was created."

President's Address

Mr. Macaulay spoke, in part, as follows:

New assurances of $284,000,000; total in force over $2,800,000,000; income $161,000,000; and assets $611,000,000.—these are impressive figures, and should give us all great satisfaction.

Like every other company we have been faced with a shrinkage in the value of some of our investments, and we have taken the frank course of writing down substantially even though we are confident that the present dislocation of business is but temporary.

Surplus $14,200,000

Calculating our liabilities by the same high standard as in previous years, the surplus including capital and contingent funds amounts to $14,200,000. I would stress that for the valuation of our liabilities we have used the full level premium method although a less severe basis is authorized by the Insurance Act.

I think you will agree with me that under present conditions this is a very gratifying showing.

Mr. Wood will discuss the details of the report more fully. In what further remarks I have to make I will limit myself to the general business situation.

I doubt if we fully realize that this depression has been by far the most severe of which we have any record in history. The worst previous depression that we know of had a maximum decline in business activity of 26 per cent, while at the low point of July, 1932, business activity in the United States had declined to 51 per cent below normal. Previous depressions lasted on an average but twenty months, while this depression has already lasted twice that time, or three years and four months.

The mind can hardly grasp the seriousness of the conditions which have caused over thirteen millions to be unemployed in the United States alone.

Three years ago gold seemed to be securely enthroned as the only sound standard for international exchange. To-day forty-four countries have abandoned the Gold Standard, and only five yet remain on it.

While recognizing the international character of this depression, we must, when discussing the business outlook, consider primarily conditions in the United States. There can be no general world recovery until conditions there become normal. Canada moreover is so closely linked with the United States that we cannot adopt an entirely independent financial policy, and must to a large extent wait for recovery in that country.

The outstanding feature of the depression has been the great and continuous contraction of credit, which in turn has produced a disastrous drop in prices of all kinds, the decline in wholesale prices being approximately 35 per cent since 1929. The extent and rapidity of this decline has enormously reduced the margin of profit in almost every line of business, and this in turn has reduced purchasing power, creating a vicious circle—lower prices, lower purchasing power, lower consumption, still lower prices, and still lower purchasing power.

Banking troubles in the United States have aggravated the situation, producing widespread lack of confidence, and leading in turn to hoarding of currency on a gigantic scale. The amount of currency withdrawn from the banks and stored in safety-deposit boxes and elsewhere is estimated to amount even now to some one and a half billion dollars.

Currency Hoarding

Currency hoarding has the same effect as the burying of so much gold, and this, together with other forms of contraction, curtailed the ability of the American banks to extend credit to their customers, not to the amount of the sum hoarded alone, but to almost ten times that amount. Bank loans were drastically reduced and business was of necessity forced to contract.

The extent of the credit collapse in the United States involved amongst other things an unnatural and severe strain on life insurance companies. The life companies found themselves called on to supply banking facilities in the form of cash loans and surrender values. These disbursements of course not only relieved the individual policyholders, but contributed in no small way to mitigate the vicious circle of deflation. While loans and investments of Federal Reserve Member banks declined by seven billion dollars from 1929 to the end of 1932, insurance companies during that same time paid out over two billions in policy loans and nearly one and a half billions more in surrender values, besides normal disbursements to policyholders and beneficiaries, which brought the total up to six billions. These enormous and largely unforeseen disbursements naturally created serious problems, but the companies have stood the strain in a remarkably satisfactory manner. It has been a time of testing, but the life companies have emerged from it with enhanced prestige. I am happy to say that in recent months this demand for policy loans and surrender values has shown a substantial reduction, an indication as to general business which is very encouraging.

Resistance to Slump

There is impressive evidence to justify the belief that the bottom of the depression was reached last summer, and that we are now gradually emerging. During the last six months of 1932, for the first time in three years there has been definite resistance to further decline, and actual improvement in some lines of business. There is a feeling in the air, and I believe it is justified, that the worst is past, and that although recovery is disappointingly slow the movement is in the right direction. The New York Times' index of total production, which includes such factors as car loadings, electric power production, construction, etc., shows that while there was a decline of 14 per cent in the last six months of 1931, there was an increase of 13 per cent in the same period of 1932. The relative improvement has been most noticeable in textiles, automobiles, construction and car loadings. Security prices which declined by 45 per cent in the last half of 1931, reversed their trend and increased by 60 per cent during the last half of 1932. Commercial failures which rose by 40 per cent in the last half of 1931, declined by 32 per cent during the same period of 1932, while bank failures which rose by 45 per cent in the last half of 1931, declined by 27 per cent in the same period of 1932.

What we have all been suffering from is really a shortage of money in its widest sense. We have heard people say that there must be just as many dollars as ever in the world, but that is not true. The amount of money which people have had at their disposal for spending or investment has been limited—not by any shortage of circulation but rather by a reduction in the total deposits in banks against which cheques may be drawn, accentuated by a reduction also in the rapidity of the turnover of those deposits. Deposits payable on demand are most important since they consist largely of amounts carried by corporations and firms for their current business expenditures.

In this item there has already been a substantial recovery. From 1929 to the middle of 1932 the total demand deposits of reporting Member banks in the United States declined about $3,800,000,000, but in July last this total turned upwards, and now shows a recovery from the low point of over $700,000,000.

Such figures as these indicate that the progressive decline which had continued for nearly three years has at last been halted and a start at least made towards actual recovery.

In Europe also improvement is to be noted. The successful British conversion of last summer is a fact of vast importance, not only because it has done much to solve Great Britain's financial problems, but also because of its inspiring effect on the rest of the world. The Lausanne agreements moreover have broken the European reparations deadlock, and thus removed one of the most important obstacles to universal recovery.

By far the most encouraging development, however, has been the increase in the Federal Reserve's holdings of government bonds, thus expanding the credit base which underlies the whole American financial structure, and which now at last provides a powerful force for potential credit expansion. The commercial banks of the United States now have Federal Reserve credit of approximately five hundred millions more than the amount they are required to maintain under the Federal Reserve Act. It is now in their power to expand commercial credit by ten times that amount, or five billions. Instead of the shortage of banking funds necessary to maintain normal business activity, as was the case in the early years of the depression, there is now a surplus. To establish this condition was a first and indispensable necessity before recovery could take take place, and we can rejoice over the fact that we now have it.

Awaiting Impetus

But credit facilities are not in themselves sufficient. Gasoline alone will not make an automobile function. The gas has to be put to work, and in the same way the credit facilities now provided must be put to work. Like the automobile, we are now waiting for the spark which will create demand and start business forward. The conditions necessary for progress are here if we can but get them utilized. When, and from what source will the spark come? Or will we merely have the smouldering embers at last burst into flame? I do not know; nobody knows. It may be that a final settlement of the war debt problem may supply the spark, or perhaps a revival of the stock market may create the confidence which is needed. If surplus Federal Reserve credit were simply allowed to accumulate the normal increase would before long become so great that it would be inevitable that the pressure of huge uninvested funds would cause an overflow into the bond market and produce recovery in that way. The Federal Reserve, however, unfortunately consider that five hundred millions of surplus is sufficient. It is impossible to say when or how recovery will raise its head sufficiently to be seen of all, but of one thing we can be sure, with its vast resources and virile people this continent cannot long be kept down.

Hope of Prosperity

And when recovery does come, what then? When the pendulum swings far and long in one direction, it can almost be relied on to swing far in the other direction. The mere fact that the depression has been so severe has created conditions that should ensure reaction in the other direction, perhaps even so great that it may be difficult to prevent its going to undesirable extremes. All of us, however, are ready to welcome the problems which prosperity may bring, and we can only hope that the experiences of the last three years will have taught us lessons which we can apply in reducing to a minimum the evils of that great blot on our civilization—recurring booms and depressions.

To expect that the recovery now already indicated will continue to develop is not mere optimism. Whether the progress will be rapid or at only a moderate rate we cannot yet foresee, nor can we tell what troubles may arise in the meantime, but we can with certainty look forward to a time not far distant when the troubles of this depression will be but a rapidly fading memory. When normal times do return the position of our Company will be indeed an enviable one.

A. B. Wood's Address

Mr. Wood spoke, in part, as follows:

The merit of a business statement can be judged only by a consideration of the circumstances under which the record it embodies was achieved. In the light of the conditions prevailing last year the Report for 1932 is one that should give genuine satisfaction.

A brief reference is made in the Report to the world-wide contraction in business. I would like to make a few observations on the effect of these conditions on the business of life assurance.

While today all thoughtful and responsible persons recognize the necessity of providing adequate life assurance protection, the means of procuring and maintaining this protection is limited to the balance of income remaining after the immediate necessities of life have been provided for. Unemployment, reductions in salaries and lower incomes generally have diminished and in many cases removed altogether those margins between income and essential expenditure out of which life assurance premiums are customarily paid. The normal life assurance market has been correspondingly restricted. Moreover, many policyholders have been forced to take advantage of the equities already established under their policies to meet premium payments, to relieve immediate necessities, and to satisfy pressing financial obligations. These general effects are reflected in life assurance statements for the past year in reduced new business, increased policy loans, and an unusually high percentage of lapses and surrenders. On the other hand it may be said that the very conditions which have made it difficult for people to acquire or maintain their life assurance, have emphasized the need for it. Policies have been purchased and kept in force during the past year at greater personal sacrifice, and with an enhanced appreciation of their value.

New Insurance

These general conditions have presented unusual difficulties to our field force in their solicitation of business, in all countries and in every area served by our organization. Their achievement in producing so great a volume of business is under the circumstances beyond praise. Applications for new assurances were received during the year 1932 for an amount considerably in excess of $1,000,000 per day for each working day of the year, and resulted in total new assurances issued and paid for of $284,098,000. This amount is equivalent to about ten per cent of the total business in force, a reasonable ratio for an old-established company even in normal times. This figure, moreover, includes only business on which the first premium has been fully paid in cash. Reassurances have been deducted, and revivals are not included. There has been an unusual decline in production in some foreign countries, where, owing to the political situation, local economic conditions, or both, it has been deemed advisable to restrict our new underwritings for the time being. A marked reduction is also to be noted in new group assurance, directly attributable to general business contraction. New assurances from old policyholders have again formed an impressive contribution to the total business secured, the proportion in Canada reaching approximately forty per cent; this is gratifying evidence of continued satisfaction and confidence. Financial pressure among the public is reflected in the fact that the average policy sold was smaller in amount than in former years.

Annuities Sold

Sales of annuities were very encouraging, 2,130 contracts having been placed for an amount of more than $8,000,000. This gives an average investment of approximately $4,000 and suggests that the annuity, which provides a secured life income, is appealing more and more to the small investor as an alternative to forms of investment of less dependable value.

The assurances in force stand at $2,929,000,000, or excluding reassurances $2,880,000,000, a total exceeded by very few companies in the whole world. Practically all companies this year show some shrinkage from last year's figure and our experience compares very favorably with that of the life assurance companies generally. The change from year to year in the amount of assurances in force discloses the net effect of a company's business operations, since it is increased by new underwritings and reduced by death claims, maturities and withdrawals. A period of depression, as already pointed out, tends to reduce new assurances and to increase surrenders and lapses; while death claims and maturities naturally increase from year to year in harmony with past growth.

The work of our field forces and of our Branch and Head Office staffs in the conservation of business is deserving of comment. For many years our Company has been distinguished for its high percentage of business retention, and, having regard to the conditions prevailing, that record has been well maintained during the past year, as is evidenced by the fact that we are able to report the largest income from renewal premiums ever received by the Company in a single year.

Revival of Policies

Another important function of conservation work is the revival of lapsed policies, to which special attention is at all times directed. The Company provides broad facilities for the reinstatement of assurances that have lapsed through non-payment of premiums; and it is gratifying to record that revivals for the year, notwithstanding the scarcity of money, have only once been exceeded in the Company's history.

The same general observations apply to policy loans. The exercise of the loan privilege under our policies is a valuable one, since it provides a means of meeting emergencies. In effect, however, it is a borrowing from the beneficiary, as the loan, if not previously repaid, must be deducted from the ultimate settlement. We advise policyholders against impairing the protection which, when taken, they regarded as needful, except in specific emergencies. A policy loan having been made, we extend conveniences for repayment by small installments. As a result of these facilities and the co-operation of all concerned, our record is outstandingly good. The precentage which our policy loans bear to total assets is definitely lower than average experience. Also the amount received in reduction or repayment of loans during the year was the largest ever recorded.

Paid Out $108,527,000

Payments to policyholders and beneficiaries during the year amounted to the large sum of $108,527,000, equivalent to disbursements of more than $360,000 for each working day. From their nature these benefits are distributed in times of unusual need since they are occasioned by death, by survival to old age, or by financial stress. Promptness in the payment of claims is characteristic of our Company, and a much valued feature of our service. Since organization we have paid out in benefits to our policyholders and beneficiaries $702,712,000.

The Company's income for the year was $161,407,000. This exceeded the total disbursements by $13,380,000, a margin amply sufficient to enable the Company to meet from current income every obligation as it arose.

An effect of acute business reaction is, of course, to diminish income and to enlarge outgo, and consequently to reduce the margins ordinarily available for new investment. In normal times the well-established companies on this continent are able to meet their entire annual disbursements from approximately two-thirds of their annual income. The non-availability of a large part of this vast investment power, which before the depression was approximately $2,000,000,000 a year, is a factor of significance in the general economic situation.

Policy Reserves

In commenting further on the financial aspects of the Report, I will refer first to the liabilities. By far the largest item, representing nearly 90 per cent of the total, is in respect of policy reserves. This is the amount which, together with future net premiums and interest earnings at the rate assumed in the valuation basis, will enable the Company to meet all its policy obligations as they become due. The valuation of the policy liabilities has been made by the full net level premium method, on bases substantially more exacting than those required under the stringent provisions of the Dominion Insurance Act. The conservative character of this valuation will perhaps be better appreciated if I say that an average interest earning of but 3.2 per cent per annum on the funds provided for this purpose will suffice to meet every policy obligation as it arises.

From their nature a company's liabilities do not and can not fall due at one time; they are obligations which reach into the distant future, since they become payable as policies mature or as policyholders die. These circumstances have an important bearing on the character of the investments selected by a life assurance company, and the methods adopted for their valuation. Assets must be invested in long-term securities which will mature or can be realized in the future as these liabilities arise; only a small percentage of the funds therefore need be invested in short-term, readily-realizable securities. This principle is recognized in the bases authorized for the valuation of the assets of life assurance companies by the National Convention of Insurance Commissioners of the United States, and also by the Department of Insurance of the Dominion of Canada, under the authority given by the Dominion Insurance Act.

The total assets at December 31, 1932, were $611,436,000.

Comparatively few sales of securities have been made during the year; from sales and maturities a net profit of $240,863 was realized.

The high scale of dividends to policyholders which reflected the unusual prosperity of the past decade was reduced for the dividend year commencing April 1, 1932. The surplus earnings for the year from favorable mortality, interest, and economies of management, have provided an ample margin beyond the amount required for the current dividend scale. Provision made for depreciation in security values has however been made largely from surplus previously accumulated.

The scale of dividends to be allowed to policyholders during the next dividend year will be decided in due course. The subject of dividends to policyholders is always one of interest and importance, and I would like to make a few observations upon it.

Dividends payable under life assurance policies differ essentially in character from those of an industrial or other corporation. They arise from savings resulting from favorable mortality, interest earnings, and economy of management. They are therefore to be regarded in the light of refunds of premium rather than as dividends in the ordinary sense of the word. Whether applied in the form of a reduction of premium or to increase the sum assured the effect is a reduction in the net cost of assurance.

Earnings Conserved

The surplus earnings of all life assurance companies have been reduced as a result of present-day conditions. Also in the interests of policyholders, the sound principle is being generally followed of conserving surplus earnings as a safeguard against possible future emergencies. Accordingly, reductions in the scales of dividends to policyholders are being very generally made by the life assurance companies at this time.

It should be pointed out that the cost of assurance is not to be determined by the dividend payable in one particular year, but by the total amount which the assured receives in dividends over the period during which the policy remains in force. The practice of our Company is to adjust dividend scales from time to time to accord with changing experience. During the past twenty years there have been sixteen such adjustments, thirteen being increases and three decreases. The lowest scales were those in force during the years 1919 and 1920, a reflection of war time experience and the influenza epidemics. As business conditions improved the dividend scale was increased on nine successive occasions, with the result that policyholders who insured in 1920 have in the intervening years received total dividend payments practically double the amounts they would have received had no change been made in the scale in force when their policies were taken out. So also, dividends payable at the present time in harmony with present-day conditions, cannot be regarded as the measure for determining the probable net cost of assurances in the future. With improved business conditions increases in the dividend scales will naturally be made as in the past.

Share Dividends Deferred

On the capital stock, three quarterly dividends were paid in 1932. Consideration of the payment of further dividends on capital stock and the allotment of surplus to shareholders has been deferred until business recovery is more fully established.

A policy of rigid economy has also been followed, resulting in substantial reductions in the expenses of administration. This has been effected without in any way impairing the efficiency of our organization, or reducing the services rendered to our policyholders.

These several measures of conservatism have been adopted in view of the general business and economic situation, and the uncertainty as to the length of time the depression may last.

The reserve for depreciation in mortgages and real estate, the paid-up capital and balance of shareholders' account, and surplus, together amount to $14,195,000.

In closing, may I make an observation upon the progress and services of our Company during three years of acute business depression. Ordinary standards of comparison are of little value in times like these, but we can feel proper pride in the fact that since 1929 we have added 205,000 policyholders to our membership, while assurances in force have advanced by $480,000,000 and assets by $43,000,000. Of very great social and economic importance is the fact that during these three years of widespread distress and difficulty we have paid out to the public more than $300,000,000 in benefits under their policies. In times of adversity, as in prosperity, the Company has continued to serve its world-wide constituency, fulfilling in an ever-enlarging way the functions for which it was created.

Investment News

Agree to Defer Interest Dairy Corp. Debentures

Year's Grace Allowed Unanimously — Heavy Taxes, Cool Summer, Price Wars, Depressed Business Cut Profits Materially

Dairy Corp of Canada debenture-holders unanimously accepted the recommendation of directors that bond interest on $950,000 6 per cent debentures be deferred for one year and that the sinking fund be cancelled for five years from January 1, 1933. The company will therefore during 1933 be able to use the amount otherwise due for interest in reducing bank loans which stood at the end of 1932 at $500,468, largely secured.

Both at the debenture-holders meeting on the morning of February 10 and at the annual meeting later in the day, J. A. Caulder, president, outlined the difficulties of the present situation and also some encouraging circumstances in the company's individual situation. Difficulties consisted of heavy increases in taxation, lowered purchasing power on the part of the public, a cooler summer in 1932 which ate into ice cream sales, price wars in some parts of the company's territory and exchange depreciation in Australia and New Zealand which exerted a psychological effect in Canada on price of butter.

Taxes Were Heavy

The total increase in taxation was about $80,000, said Mr. Caulder. Sales taxes accounted for one half the extra amount, the sales tax on ice cream being especially harmful to business. The increased stamp taxes for letters and cheques and the increased gasoline taxes by provincial governments made important additions to expenses. New income or corporation taxes in all provinces where the company operated added to the load. This caused an increase of $2,400 in Edmonton alone. There were increased municipal taxes all along the line as well.

The company suffered an inventory loss of $40,000 early in January, 1932, because the decline in Australian and New Zealand currencies as compared with the Canadian dollar caused price declines of butter to make up. Ice cream sales fell off 23.5 per cent both because of the depression and the cool summer.

Loss through the Winnipeg milk price war caused the company a loss of about $60,000. The net result was that the company had a loss of $120,386 after depreciation bond and debenture interest or $73,317 before debenture interest as compared with a profit of $129,049 in 1931 before debenture interest.

CONS. INCOME & SURPLUS ACCOUNT
Years End. Dec. 31

	1932 $	1931 $
Oper. profits	250,779	490,201
Less: Depreciation	150,558	153,828
Int. & divs. on subs., secs., & adj. for min. int. in profits	170,729	207,324
Loss on invest.	4,402	......
Income tax	10,598	......
Sundry adjust.	12,194	......
Avail. to Dairy Corp.	x73,314	129,049
Less: Debenture int.	44,700	35,892
Amort. of deb. disc.	2,371	4,070
Prov. for income tax	......	4,791
Net profit	x120,385	84,296
Less appropriations:		
Preferred divd.	......	68,634
Less: Portn. to subs.	......	13,950
Surplus for period	x120,385	29,612
Add: Previous surplus	142,367	112,755
Bal. carried forward	21,982	142,367

xDeficit.

Sales Down 20 Per Cent

Sales declined by 20 per cent from $5,000,000 to $4,000,000 so far as dollar volume is concerned. Unit volume showed only a slight decline and the largest decline was in ice cream sales. Montreal ice cream sales alone dropped by $200,000. Toronto milk sales increased somewhat during the year.

There has been a marked weakening of the working capital position as seen by the following report:

Working Capital

	1932 $	1931 $
Current assets	562,159	1,062,466
Current liabilities	794,836	997,832
Working capital	x232,677	64,634
Ratio	0.70—1	1.06—1

x Excess of current liabilities over current assets

Heavy Commitments Shown

Fixed assets are shown at $3,574,608, depreciated values. Balances payable re-investments in subsidiary companies include $275,000 due the Provincial Bank for Class "A" shares of Montreal Dairy Co., payable $25,000 half-yearly from July, 1932, with interest at 5 per cent on unpaid balances and $70,150 due Max Steinkopf for shares in Purity Ice Cream, Winnipeg, payable $25,000 on March 1, 1933 and half-yearly thereafter with interest at 6.75 per cent.

Consol. Investment Corp. Planning Reorganization

As Consolidated Investment Corp. of Canada did not pay interest due on February 15 on $6,427,000 of 4½ per cent first collateral trust gold bonds due 1959, bondholders are being called to a meeting to be held in Montreal on March 22 to consider a plan for reorganizing the business. The proposal briefly is that a new company will be formed called United Corporations, Ltd., and that the securities of this new company will be distributed among security holders of Consolidated Investment Corp. in such manner that full priorities of bondholders as to capital and income will be preserved, that net revenue will be distributed as available, that voting control will be with bondholders who will also have the major portion of the equity and that any improving revenues in the future will be available to restore to bondholders any loss in interest occasioned during the period of low revenue.

The capital structure of the present company, Consolidated Investment Corp., and of the proposed new company, United Corporations, Ltd., are here set out:

Capitalization of Old Company	
Coll. trust 4½% bonds	$6,427,000
5% pref. shares	10,000,000
No par value common shares	1,375,000
Capitalization of New Company	
Cum. 20-yr. 5% income debs.	$4,498,900
64,275 class "A" voting shares*	
239,790 class "B" voting shares	239,790

*Having preference of $30 in case of distribution of assets at any time.

The proposal to bondholders is that for each $100 in bonds now held the holder shall receive $70 in the new income 5 per cent cumulative bonds of United Corporations, $30 in the form of Class "A" shares which will carry cumulative dividends at the rate of $1.50 annually and two Class "B" voting shares. If the plan is accepted by bondholders United Corporations will acquire all the assets of the present Consolidated Investment Corp. All of the new company bonds and Class "A" shares will be distributed among the Consolidated Investment bondholders and the latter will get as well about 53 per cent of the total Class "B" shares to be issued. Class "A" and Class "B" shares will carry equal voting rights and consequently the bondholders will obtain 63 per cent of the voting shares of United Corporations, Ltd.

The preferred shareholders will be offered one United Corps. Class "B" share for each preferred share of Consolidated Investment Corp. now held. In other words, they will get 100,000 Class "B" shares. The present holders of common stock will get one share of Class "B" stock of United Corps. for each 100 shares now held, resulting in the distribution of 11,150 Class "B" shares to the existing holders of common stock, or 4.69 per cent of the total. Some of the common shares now held in trust will be cancelled.

Shrinkage of the revenues of the present company, and decline in market values of securities held, made the reorganization necessary. Consolidated Investment Corp. covenanted at the time of the issue of the 4½ per cent collateral trust bonds to maintain at all times with the trust assets not less than 125 per cent of the principal amount of bonds outstanding

Bond Tenders

Feb. 15, Orillia—$2,261, 6 per cent, 30-installment sewer debenture; $7,900, 5 per cent, 20-installment storm sewer debentures, guaranteed by the County of Simcoe. C. M. Johnston, treas.

Bond Redemptions

Bond Issues—	Rate	Due	Redeem.	Price
Can. West. Nat. Gas	5%	1936	June 15	105
Toronto Conservatory of Music	*5%	....	Mar. 1	103
Amer. Salesbook	†6%	1939	Apr. 1	103½

*$5,000.
†Called in part.

NOTICES

Montreal Tramways Company

ANNUAL GENERAL MEETING

NOTICE is hereby given that in accordance with the by-laws of the Company, the Annual General Meeting of the Shareholders of the MONTREAL TRAMWAYS COMPANY will be held at the Company's Offices, Tramways Building, 159 Craig Street West, Montreal, at 12 o'clock noon, on Monday the 20th day of March, 1933.

This meeting will be convened as called and immediately adjourned until Monday, the 24th day of April, 1933, at the same time and place.

The Transfer Books will be closed from the 1st day of March, 1933, to the 20th day of March, 1933, both dates inclusive.

By order of the Board.
PATRICK DUBEE,
Secretary-Treasurer.
Monday, January 16th, 1933.

Summary of Week's Annual Reports

A brief analysis of company earnings per annual statements received since last week's issue. Company name in bold type indicates stocks listed in Canada or New York. Net income shown is before preferred dividend, if any. Market prices are at close on Tuesday this week or last sale.

Company	Year End	Net Income 1932 $	Net Income 1931 $	Common earnings 1932 $	Common earnings 1931 $	Curr. divid. $	Balance car. fwd. 1932 $	Balance car. fwd. 1931 $	Mkt.	Mkt. times earn.	Yield %
Brockville Trust & Savings	Dec. 31	42,611	44,778	4.26	4.48	3.50	3,423	3,311	...	...	...
Catelli Macaroni Products	Nov. 30	2,515	58,187	...	...	...	*8,775	*12,080	...	...	...
Foreign Power Securities	Oct. 31	†45,961	270,115	...	...	...	908,626	1,108,575	1¼	...	...
British American Oil	Dec. 31	2,602,743	2,730,930	0.99	1.04	80c.	6,810,805	8,631,176	8	8	10
Real Estate Loan	Dec. 31	44,081	38,802	8.81	7.76	7	4,965	4,570	85	...	8.2
Riverside Silk Mills	Dec. 31	33,835	55,085	1.13	1.84	1	458,755	463,003	8	7	12.5
Canada Bud Breweries	Dec. 31	158,365	235,186	1.06	1.57	1	145,796	149,199	7	6.6	13.8
Twin City	Dec. 31	40,845	324,499	...	0.52	...	1,873,980	1,871,141	...	...	...
Bell Telephone	Dec. 31	4,740,940	5,791,982	6.16	7.56	7	4,874,507	5,568,523	91½	15	7.6
General Steel Wares	Dec. 31	†738,730	1,119,905	...	...	...	*1,320,860	*1,096,024	1	...	...
Montreal Island Power	Dec. 31	596,523	557,347	...	...	...	83,042	44,673	...	...	...
Quebec Rly., L. & Power	Dec. 31	*126,352	......	...	...	...	*46,685	......	...	...	...
Mitchell, J. S.	Dec. 31	22,089	58,985	...	2.28	...	331,616	334,746	...	...	...
Canadian Bronze	Dec. 31	121,867	198,377	0.80	1.66	1.25	325,187	470,567	12½	15	10
Quebec Power	Dec. 31	1,008,960	1,241,128	1.86	2.24	1	307,102	313,780	12	6.6	8.3
Aldred Investment	Dec. 31	*6,630	2,900	...	...	...	60,636	67,266	...	...	...
Maritime Telegraph	Dec. 31	186,214	235,896	0.23	0.37	80c.	93,899	191,284	...	...	...
Amalgamated Electric	Dec. 31	†177,340	†94,737	...	...	...	*259,053	*81,712	...	...	...
Montreal Loan & Mtge.	Dec. 31	79,640	88,109	13.27	14.68	3	47,877	45,737	...	...	...
Simon, H. & Sons	Dec. 31	*68,726	41,043	...	0.13	...	64,411	156,510	...	...	...
Monarch Knitting	Dec. 31	12,164	15,883	...	...	...	526,360	514,196	...	...	...

*Deficit. †Loss.

Company	Year End	Net Income 1932 $	Net Income 1931 $	Common earnings 1932 $	Common earnings 1931 $	Curr. divid. $	Balance car. fwd. 1932 $	Balance car. fwd. 1931 $	Mkt.	Mkt. times earn.	Yield %
Cosmos Imperial Mills	Dec. 31	49,193	83,039	...	...	...	340,733	317,456	...	...	...
British Mortgage & Trust	Dec. 31	126,052	138,356	12.9	13.8	12	19,209	13,157	...	...	...
Montreal C. & D. Bank	Dec. 31	359,750	366,135	...	...	12	400,379	327,129	...	...	...
Montreal Trust	Dec. 31	454,311	544,723	22.7	27.2	17	462,186	347,874	...	...	...

DIVIDEND NOTICES

The Bank of Nova Scotia

Dividend No. 253

Notice is hereby given that a Dividend of three and one-half per cent on the paid-up Capital Stock of this Bank has been declared for the current quarter to shareholders of record of March 16th, and that the same will be payable on and after Saturday, the first day of April next, at any of the offices of the Bank in Canada.

By order of the Board.
J. A. McLEOD,
General Manager.
Halifax, N.S., February 14th, 1933.

The Canadian Bank of Commerce

Dividend No. 184

Notice is hereby given that a dividend of Two and one-half per cent in Canadian funds on the paid-up capital stock of this Bank has been declared for the quarter ending 28th February, 1933, and that the same will be payable at the Bank and its Branches on and after Wednesday, 1st March next, to shareholders of record at the close of business on the 31st January, 1933. The Transfer Books will not be closed.

By Order of the Board.
S. H. LOGAN
General Manager.
Toronto, 20th January, 1933.

RELIANCE GRAIN COMPANY LIMITED

PREFERENCE DIVIDEND No. 21

NOTICE is hereby given that a dividend for the quarter ending February 28th, 1933, at the rate of 6½% per annum, will be paid on March 15th, 1933, to preference shareholders of record at the close of business on February 28th, 1933.

By order of the Board.
A. W. GIBB,
Secretary.
Winnipeg, February 7th, 1933.

The Consolidated Mining and Smelting Company of Canada, Limited

Dividend No. 56

Notice is hereby given that a Dividend of one share for every ten shares of the Capital Stock of the Company outstanding on the 31st day of December, 1932, in respect of the twelve months period ending December 31st, 1932, has this day been declared payable on the 1st March, 1933, to shareholders of record at the close of business on the 12th day of January, 1933.

By order of the Board.
J. E. RILEY,
Secretary.
Montreal, February 14, 1933.

MEXICO TRAMWAYS COMPANY

General Consolidated First Mortgage 50-Year 5% Gold Bonds

Notice is hereby given that on and after 1st March, 1933, Coupon No. 40, dated 1st September, 1926, detached from the above Bonds, will be paid at the Bank of Montreal, Toronto, Montreal or London, England, or at the Agency of the Bank of Montreal, New York, at the holder's option.

Dated at Toronto this 15th day of February, 1933.
MEXICO TRAMWAYS COMPANY,
R. H. MERRY, Secretary.

The Bank of Toronto

Dividend No. 206

Notice is hereby given that a Dividend of Two and One-Half per cent upon the Paid-Up Capital Stock of this bank has been declared for the current quarter, and the same will be payable at the bank and its branches on and after the first day of March next, to shareholders of record on February fifteenth, 1933.

By Order of the Board.
H. B. HENWOOD,
General Manager.
Toronto, January 18th, 1933.

The Royal Bank of Canada

DIVIDEND NO. 182.

NOTICE is hereby given that a dividend of two and one-half per cent. (being at the rate of ten per cent. per annum) upon the paid-up capital stock of this bank has been declared for the current quarter, and will be payable at the bank and its branches on and after Wednesday, the first day of March next, to shareholders of record at the close of business on the 31st day of January, 1933.

By order of the Board.
M. W. WILSON,
General Manager.
Montreal, Que., January 13, 1933.

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Manufacturers of INDUSTRIAL and HOUSEHOLD Cottons in Canada for over TWENTY-FIVE YEARS

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TORONTO, FEBRUARY 18, 1933

NATIONAL GOVERNMENT AND THE "PLOT"

THE FARMERS' SUN and some other papers have discovered a "plot" to put a National Government in power at Ottawa. Montreal financiers are back of the conspiracy, asserts The Sun. The Winnipeg Free Press must feel that the plot story is not all eyewash, for it says that "the movement for so-called National Government which has been proceeding, somewhat furtively, for months past in Montreal is now beginning to break into print." It quotes recent discussion of National Government in The Financial Post as evidence.

Maybe such a plot exists; maybe it does not. We do not know. But having observed how the strings of government are pulled by organized minorities that sometimes represent finance, sometimes labor, sometimes farmers but never the average man since he is not in the minority, we agree that there may be a "plot."

In any event The Financial Post has not urged National Government although it has expressed the opinion that the logic of the circumstances may force it on the country yet.

Our chief governmental problem is to balance the budget. The present government has not succeeded in balancing the budget. It cannot accomplish the task without discarding many spending pledges. It will take courage to discard all those pledges. If there were a change of government the job of balancing the budget would probably go to the Liberals. Perhaps they could do the job but they too would be hampered by pledges that they would be loathe to discard.

The National Government that the Winnipeg Free Press suggests, "a union of all the Liberal and Progressive forces of all parties to carry out a policy of reform," is a pleasant sounding formula but we fear it is plain euphemism for a government that will spend more money and forget budget balancing.

One thing is to be said about National Government; it would make it possible for all parties to throw overboard their multitudinous promises to spend money on all sorts of schemes and enterprises and concentrate on the one essential task of putting the country's financial affairs in a condition of stability.

We hardly dare to hope that even that mythical institution, "St. James Street," is plotting anything of that character.

BUDGET DEFICITS ARE INFLATION

IT HAS been repeatedly emphasized in these columns that one reason taxes are high is that there are large and well-organized groups of minorities who want them to be high. They would like to have even a greater proportion of the national income spent by governments after being collected by them in the form of taxes. Confiscation of private incomes and of private accumulations of capital and their distribution in the form of subsidies, grants, expenditures on social service schemes, etc., represent a redistribution of wealth and this is the ultimate aim of Socialist policy. The chief barrier to tax reduction is then, the political opposition to lower governmental expenditures that comes from organized minorities, chief among whom are the Socialist propagandists.

Now a new argument among balanced budgets is offered. Heads of some important governments are said to hold the view that now is not the time to balance budgets. The new taxes necessary would, they say, be unpopular. Decreased expenditures would be unpopular with the special interests who would suffer. And finally the deficits that are incurred, financed as they are by borrowing or issuance of paper money, tend to provide a measure of inflation and most people, whether they know anything about the matter or not, are inflationists today.

Great Britain, where conditions are improving relatively, does not subscribe to this pretty theory. Some words of Neville Chamberlain led to the impression that he thought Britain should deliberately "unbalance" its budget to achieve inflation but he hastened to declare that to him an unbalanced budget was heresy. We cannot say though to what extent it is in the minds of our political rulers at Ottawa.

NEW TARIFF BOARD

THERE are wealth and variety of experience on the new tariff board. The chairman, Hon. Justice Sedgewick, was born in Nova Scotia and practised as a corporation lawyer in Ontario. Mr. Campbell was born in Prince Edward Island and farmed in the West. He is a one-time Progressive who has recently veered to the right. Mr. Herbert was born in Montreal and his business life has been spent in the same city but he has an Oxford education in economics and political science which is not to be held against him. All are regarded as men of sincere purpose and clear thinking.

There may be industrialists and others who will lament that the sum total of their practical experience in business has not been great. But it is well to have on the board men who have not been intimately engaged in tariff battles, so long as they are men who can probe for facts and find them, give them their proper relative weight and make judicial suggestions based upon what they learn.

CUT WAR PENSIONS

THERE is as good reason for reducing war pensions as for reducing salaries. Due to the decline in the cost of living federal civil servants, after taking their ten per cent salary cut, are better off than they were before. This applies to salaried officials and employees of private companies, except that the reductions have averaged much greater for the latter and, due to the business depression have exceeded the decline in living costs.

At a time when the income of every one has been cut and it is becoming more difficult every day to find money to pay taxes, there would be essential justice in reducing war pensions to the same degree that civil service salaries have been cut.

This would save the country more than $4,000,000 a year without cutting the real value of the pensions below their value in 1929.

EATING HEAD OFF

ONE reason taxes must come down is that there is less income from production to be taxed. Our governments are trying to extract $10 worth of gold from $7 ore. It simply cannot be done; hence federal and provincial deficits and low tax collection ratios in the cities.

What are our primary sources of income from which tax revenues can be derived? There are:

Agriculture; the industry is barely on a subsistence basis with only the most meagre cash income.

Forests; the lumbering industry and the pulp and paper industry are operating on reduced scales, paying low wages just to keep men at work. The industries are distinctly unprofitable.

Mining; coal mines have reduced output; metallic minerals are selling at profitless prices; gold alone is advancing and gold is so needed that governments hesitate to impose new taxes that would curtail enterprise.

Fisheries; conditions range from desperate to merely unsatisfactory.

Where is the tax money coming from? A large part of it is coming out of our accumulated reserves of capital. People are going behind to pay taxes.

It cannot go on for long.

PAYING FOR CANALS

UNITED STATES SENATE is a long time getting around to a conclusion of the St. Lawrence Waterway discussion but every day's delay defers the necessity of an ultimate decision by Canada. This is all to the good because the more the Canadian people think about the comparative cost and benefit of the waterway the less they like it.

Before we decide to build the seaway, at enormous cost to the taxpayers of Canada, we should adopt the same policy in regard to the navigational features of the waterway as we have adopted with regard to power. The power in the international section is to be delivered to the Ontario Government which undertakes to reimburse the Dominion Government for the cost, which will in turn be passed on to the consumers of the power. Likewise the cost of the ship canal should be charged to those who use it, through a system of charging tolls.

But first of all we should start charging tolls on our other waterways. This would lift from the shoulders of weary and burdened taxpayers a load that has no right to be there.

A NEW AUDIENCE GROWS UP

ONE of the psychological problems with which the present business generation has to contend is the gloom induced by comparing existing conditions with more prosperous times. Business men are apt to regard themselves in relation to the past; the very fact that some are for ever looking backward tends to act as a brake on their activities. They are inclined to live in terms of comparisons.

But every year brings nearer maturity a new generation of business men. What will be the outlook of the man who starts his business life in the next year or two? Current conditions he will know and will remember, but he will not be for ever suffering from odious comparisons with the past. Men of the new generation will be free from the relentless shadow which pursues the older business man, their business life will start at the bottom of the curve but they will not be tempted to look back at former peaks.

Though the beginner in business today may regret that he has to make his début during an economic crisis, he will have plenty of opportunities for success with everything to gain and little to lose. There will be no regrets for the past; his confidence in the future will not be assailed by inhibitions induced in the past three years.

Advertisers should consider this factor. A new and growing audience is listening to their message, an audience whose reaction toward advertising is more receptive, whose decisions are less weighted with the burden of retrospection.

ANOTHER BARRIER TO TAX CUTS

A SPECIFIC cause of using taxes in Canada is the almost incredible ability of bureaucracy to dig itself in.

If we set up a government bureau or department to perform some function of even temporary need or significance the chances are nine to one that we will never be able to disband the department after its original work is done. We have created a vested right or interest and the vested interests that are represented by bureaucracy have a greater rigidity and power of resistance than any vested interests represented by the much editorialized infant industries and bloated capitalists.

Government departments come into being in rapid sequence but seldom pass out of existence.

If we build up a big department to promote immigration and then we decide that we do not want immigration we find, strangely enough, that it takes just about as large a staff to keep people out of the country as it does to bring them in.

In modern politics practically the only way we can liquidate a department of government is by transferring the officials concerned to other departments or by simply making no new appointments as retirements on pension take place. This is the best we can count on and it is difficult to get started.

Every government department has a most amazing ability to enlarge its circle of influence and hold on to all its gains. Being so close to the machinery of government, the bureaucrats are able to work to this end almost without the knowledge of the elected law makers. One province in Canada passed quietly and practically without any public discussion whatsoever legislation increasing the age limit for compulsory school attendance by two years. In the words of the authors of "1066 and All That" it looked like A Good Thing. Then the bureaucrats who slipped the legislation through the law-making body that had no adequate conception of what it was doing sat back for a couple of years before passing any departmental regulations. They wanted the law well cemented to the statute books before they started to make it work. Then they began to enforce it. Within a few years the people's taxes had been increased by some millions of dollars — in one city alone by a million and a quarter dollars a year—to implement one harmless looking piece of legislation. The bureaucrats had increased their number and their influence and the taxpayer wondered why he was paying so much more money out for education.

This sort of thing is going on all the time. In many phases of government, rule has been virtually taken out of the hands of the law makers and assumed by bureaucratic governmental departments. The customs in Canada is a dictatorial, arrogant bureaucracy, making regulations and interpretations that re-write the laws without Parliament's consent.

The remedy is enlightened public opinion, developed by the ceaseless vigilance of such public institutions as boards of trade, newspapers and the law makers themselves, that will insist upon periodical review of all governmental spending activities, that will insist upon the immediate lopping off of all arms of governments that no longer have a useful function to perform and that will insist upon a clearer definition in the statutes of the meaning of all legislation.

There is a constant struggle going on between bureaucracy and the free citizen and if the free citizen does not assert his rights we shall not remove this barrier to tax reduction.

EDITORIAL NOTES

Toronto Board of Education has struck a tax rate higher than last year. It has refused to cut salaries by five per cent to keep the rate unchanged. Some members of the board had new schemes to present that would have increased the tax rate. On the other hand school trustees in the smaller centres are curtailing expenditures and striking lower tax rates. Can it be that the small town school trustee has more reality and less theory in his mental make-up than the big city school trustee?

* * *

Samuel Seabury, colorful New York attorney, has just refused a payment of $75,000 tendered him by Appellate Division Court of New York in payment for his services to the state in investigating over an 18 months period the bribery and corruption of New York's lower courts. One cannot help thinking as he reads this news item of the $63,000 bill which Robert J. Magor recently tendered the Dominion of Newfoundland for "services rendered" over a period of nine months in connection with the valiant attempt made recently by that Colony to rehabilitate its fiscal and government services, and which has caused such a storm of protest in Britain's oldest colony.

POST-scripts

A STORY is now told of a banker who had to attend an early afternoon wedding. He went to his office in striped trousers and cutaway because he knew he would have no time to change after leaving work.

During the morning he had a chat with a customer from a rural district. The client started to tell the banker how terrible business was. but the banker tried to reassure him without success.

"Take yourself, for example," said the visitor, "you know very well that three or four years ago you would never have dreamed of coming to the office in a pair of pants that didn't match your coat!"

MORE than one person has voiced the following thought since the depression started. No one has done it more plaintively. The item is a letter to the editor in the New York Herald-Tribune:

A DISAPPOINTING BUNCH

To the New York Herald Tribune:

I am exceedingly poor, unlearned and otherwise incapacitated to get very far in this little old life. I have been through all the depressions from 1873 on; by struggling I got through all of them. So I am pretty well used to having nothing, and I have got less today than I ever had, after 67 years of hard work.

At that, I am not discouraged owing to the depression, but I am discouraged and disgusted over the fact that though we have hundreds of thousands of intellectual giants they are as helpless as I am in solving this economic condition. I sure did build on that bunch to evolve some solution for our present troubles.

WILLIAM ANDERSON.

Valhalla, N.Y., Feb. 1, 1933.

THE International Fixed Calendar League has added a new argument to its many in favor of thirteen months of 28 days each, in pointing out that in the case of Great Britain, monthly comparisons of imports and exports are badly thrown out of line by irregularities in the present calendar allowing five Saturdays in some months and only four in others.

It is stated that most heavy cargoes arrive during weekends and, after unloading and reloading, sail again on Saturdays. In a month which includes five Saturdays, therefore, imports and exports will be higher than in one which only contains four, even though the number of days may be the same. In proof of this statement, the League points to the fact that the largest months in Great Britain's trade in 1932 were April and December and that these months were the only ones which contained five Saturdays.

THE man with the carpet bag and rustic clothes who comes to the big city has been a subject for comedy since the earliest days of the drama; from the time of Aristophanes to modern four-a-day vaudeville the worthy rural visitor has been a mark for jesters. A business man we know recently has added another story to the long list. He had been entertaining in New York a client who seldom left the small town where he had lived since he was born. The two had spent a pleasant evening and the business man undertook to see his guest off at the Grand Central terminal. The departing visitor was silent, evidently overcome with crowded memories of the past few hours, but as he stared round the vast rotunda his eye lighted on the station clock whose great hands indicated that it was midnight. This apparently was the climax. With glistening eyes he nudged his host violently in the ribs, nodded significantly at the clock, and whispered hoarsely, "Gosh, eh?"

EVERY once in a while it is necessary for business offices to go through their files and destroy old correspondence. Recently the files for 1927 to 1929 were perused in The Financial Post editorial offices. Many letters, interesting in the light of subsequent events, came to light. Two may be mentioned. One was a protest from a prominent investment house against a statement in The Post that the stocks of two newsprint securities sponsored by this firm would likely pass their dividends. The forecast was made early in 1928. What has happened to these two newsprint stocks since is, in the current slang, just nobody's business.

Another letter was dated August 1927. It was a report sent to a very prominent British investment house which wrote asking about the prospects for Canadian newsprint securities and asking if they should put their clients into them. A long memorandum was prepared by The Post expressing the opinion that newsprint stocks were selling too high; the industry was operating at only 80 per cent of capacity and would be operating on a lower ratio yet; a few years of thin times were ahead. The opinions were backed by facts and figures.

To the memorandum was attached a letter indicating that there were a great many people who felt that stock prices had run up too high. One significant statement was "we have had a feeling for some time that the stock market is no longer on an earnings basis but that prices have been run up very high due to the great surplus of money for investment in the United States."

The London brokerage house replied "We quite agree that in the ordinary course the present level of securities both in the United States and Canada makes them quite unattractive. Only those who have a very firm faith in the future can possibly invest in industrial shares at the present time. As it happens, it is these people who are making money." They were appreciative of the memorandum on newsprint and said they would keep their clients out of all except Abitibi.

This August 1927 correspondence may have looked a bit silly by August 1929 but by August 1932 it had all the earmarks of clairvoyance or prophecy.

The World at Large

An Occasional Department Discussing World Economic Affairs That Affect Canada

By F. S. C.

WEEDS AND COMMUNISM

"THE Communist Policy Toward the Peasant and the Food Crisis in the U. S. S. R." is the title of Memorandum No. 8, published by the Birmingham Bureau of Research on Russian Economic Conditions. In a general summary the memorandum says:

"The present food crisis in Soviet Russia is by no means due to unpropitious meteorological conditions or to unfavorable and transient economic factors, but, as statistics show, it has developed progressively and is the result of the general economic policy pursued by the Soviet Government over a number of years. It is the logical outcome of the policy adopted, and only a change of policy—similar to that of 1921, for instance—could provide the population of Russia with food. But such a change would need to be perhaps even more drastic than that introduced by the New Economic Policy.

"The failure of grain production to keep pace with the increase of population is in contrast to the development of industrial production, which is overhauling the increase in the population. An adequate increase in the sowing area is possible, and if the increase achieved does not accord with the increase of population, and the amount of supplies available does not attain the pre-war and pre-revolutionary level, the cause of such a failure is not of a physical but of a social-economic character.

"Endeavors to control the surplus output of agriculture in order to direct this surplus to towns, industry, and foreign markets in accordance with the prescribed tempo of industrialization—resulted both in a curtailment of the peasant's share of agricultural produce and in the diminution of State supplies. The fall in the purchasing power of the chervonets and the shortage of goods on the internal market on the one hand, and the appropriation of agricultural produce at fixed prices on the other, inevitably led the peasant to resist the policy of grain collection.

"To overcome this resistance and to maintain the State monopoly of grain, the Government had to revert to administrative and legal measures of compulsion. A decline in productivity and disorganization of agriculture ensued. Attemps to remedy the situation by means of wholesale collectivization merely accelerated the march of events.

"The fields in Russia have never before been as overrun with weeds as they are this year. In some regions flour is unobtainable even at a price 100 times higher than in pre-war days. Throughout the country the supplies of meat, milk, and butter are very scarce, and there is an acute shortage of bread and potatoes.

"Today, the Russian population is experiencing a famine without failure of crops."

"New Day Breaks from East"

By GEORGE WILSON.
Finance Commissioner, Toronto.

An English parson's definition that "a depression is a period when people are obliged to deny themselves the things which their forefathers never had" is an apt diagnosis of the root of the economic chaos which grips the whole world today. The financial experts ascribe it all to the maldistribution of gold, the dislocation of the international Exchanges and collapse of world trading relations; the economists discourse profusely and controversially—and to most of us, unintelligibly—upon the fall of commodity prices, managed currencies, bi-metallism, deflation, reflation, inflation and what not. The "technocrats" juggle statistics to prove that the displacement of manual labor by machinery is responsible and the communists blame it all upon the capitalistic system.

All that the average man knows and thinks about is that the present depression is one of unprecedented tenacity, and despite the fact that elevators are bursting with wheat there are millions of honest, able-bodied men all over the world, denied the right to work who are forced to suffer the humiliation of accepting charity, or bear the horrors of hunger and cold. Old Mother Earth has never failed to bring forth her increase, and so it is evident that the maldistribution of gold, food and creature comforts is a man-made condition of things, and that unless—by the grace of God—a man-made remedy is quickly found, the nations of the earth must perish.

Let us all take heart from the words of the immortal Italian poet Dante, written over six centuries ago:

"Lo, now is the acceptable time wherein arises the signs of consolation and peace. For, a new day is breaking from the east, showing forth the dawn which already is dispersing the darkness of our long calamity and confirms the hopes of the nations with a caressing calm. And we too shall see the looked for joy; we who have kept vigil through the long night in the desert."

In the Mail

Killing the Goose

Editor, The Financial Post:

In renewing my subscription to your excellent journal may I express my appreciation of the fearless manner in which you are exposing the fallacies so prevalent in all countries at this time. Especially in Canada is the talk of inflation hurting her for the future, as witness the tobogganing of the Canadian dollar in the United States market where Dominion credit has always stood high.

These items will not last always and there is an immense volume of money available for investment when conditions become stable. Much of this capital would naturally be invested in Canada as South American bonds no longer intrigue our investors. However the action of Calgary in repudiating its obligations to pay its bond interest in New York funds, which action seems likely to be followed by other municipalities, has shaken confidence in Canadian investments and I fear that "killing the goose that lays the golden egg" will not prove satisfactory in the long run.

Trusting that Canadians will take second thought before committing themselves to such a course as seems at present likely, and merely pointing to the lost prestige of France since her failure to meet her obligation to the United States as a warning I remain

W. H. FORTIER.

Spokane, Wash.,
Feb. 3, 1933.

"Stop Me If You Have Heard This One"

Just before Christmas there was a mathematics examination at Toronto University. One frivolous student looked over the questions, decided they were too hard for him and wrote on his paper:

"God knows everything. I know nothing. Merry Christmas."

When he got back his paper, with the professor's markings, he found scribbled at the bottom these words:

"God gets 100. You get nothing. Happy New Year."

Bonds for Investment

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Business Conditions in Canada

The Week in Business

Commodity Prices Gain Slightly

SENSITIVE daily and weekly price indices compiled in the United States have shown an upward tendency during the past week, the daily index of 30 basic commodities compiled by Bradstreet's Weekly rising from the low point of the last recession on February 3 at 67.91 to 70.13 on February 7. This index is based on the average level of 1930-1932 equals 100. This sharp improvement is attributed to a general halt in the decline and definite strength in certain important commodities, notably scrap iron, and wheat and cotton.

The weekly index of the Annalist, New York, rose one point in the week ended February 10 but this increase is directly traceable to a large advance in the price of heavy steers. It is stated that this advance will probably be only temporary.

While these advances are certainly cheering news in themselves it would appear that there is less basis for the improvement than could be wished, for a cheering appraisal of business prospects based on the current statistical position. The Annalist feels that there is no improvement that will support much pressure of optimism as production in general is sagging a little instead of rising, in accordance with the usual seasonal trend at this time of the year.

* * *

Mixed Trend in Week's Figures

CANADIAN retail price indices continued downward, with the January composite figure, on the basis of 1926 equals 100, breaking below the 80 mark for the first time since 1917. A generally mild January can be said to be the cause of this decline as lower egg prices were mainly responsible and these stiffened in the first week of February under the influence of a general cold spell throughout the country. Wholesale prices made several significant changes, the rise in farm products being the most notable, while a decline in the index for manufactured goods caused the spread between these two indices to narrow considerably.

Carloadings continue the downward slide from the high point in the first month of the year. Frigid weather in the week ended Feb. 4 is blamed for generally lower loadings, the corrected index falling from 56.60 to 55.93 although loadings for the week were actually 474 cars higher than in the previous week. The index for the same week of 1932, however, was 70.1. Grain exports were higher during the week and the total for the 27 weeks of the crop year is now 138,400,000 bu., a 65 per cent increase from the previous crop year. It is interesting to note that despite this large increase, shipments through United States Atlantic ports are only 15,542,000 bu., nearly 1,200,000 bu. less than in the same period of 1932.

Land Filings in Alberta

Land filings in Alberta during the year 1932 totalled 3,635, as compared with 5,464 in 1931. Last year's total was considered high in view of the practical cessation of immigration during the year.

INDUSTRIAL USERS BUY 65 PER CENT OF CANADIAN COAL

Take This Percentage Direct from Mines, Census Report Shows

More than 65 per cent by value of coal produced by Canadian mines in 1930 was sold direct to industrial consumers such as railroads, factories, gas plants, etc., results obtained by the Census of Retail Merchandising and Service Establishments show. This total may be slightly higher by volume as industrial users generally use the cheaper brands of coal but the difference will not be great owing to the small amount of anthracite and the purely commercial lignite coal produced in the Dominion.

Total sales of Canadian coal in 1930 were valued at $52,421,964 of which $34,226,573 went direct to industrial consumers, $9,568,243 or 18.2 per cent to wholesale dealers, and $4,355,102, or 8.3 per cent, to retail dealers. In addition, producers' own retail branches, householders and export sales accounted for $4,273,000 or 8.2 per cent.

Few Brokers

Commission agents and brokers handle very little of the production of Canadian mines. Ten mines made sales through such agents but only three sold their entire output in this manner. The total for such sales was $568,286, or 1.1 per cent of total sales of all mines.

Although total sales of $52,421,964, as collected by the census takers, are approximately the same as the official production figures for 1930 of the Dominion Bureau of Statistics, these figures are not strictly comparable. Some producers, the report of the census points out, used a different basis for determining selling values while others have shown the distribution of their sales for their fiscal year and not the calendar year. Nevertheless, the report states that the percentage distribution, as reproduced in the following table, gives an accurate picture of the channels used in marketing the output of Canadian mines.

Distribution of Sales of Coal Mines

	Selling value f.o.b. mine	% of sales	No. of Mines Total	Selling exclusively as indicated
Industrial	$34,226,573	65.3	70	4
Wholesalers	9,568,243	18.2	68	11
Retailers	4,355,102	8.3	48	1
Own retail	1,678,694	3.2	7	..
Export	1,675,481	3.2	20	..
Householders	917,871	1.8	66	11
Total	$52,421,964	100.0	123	..

1932 Pig Iron Production One-Third of 1931 Total

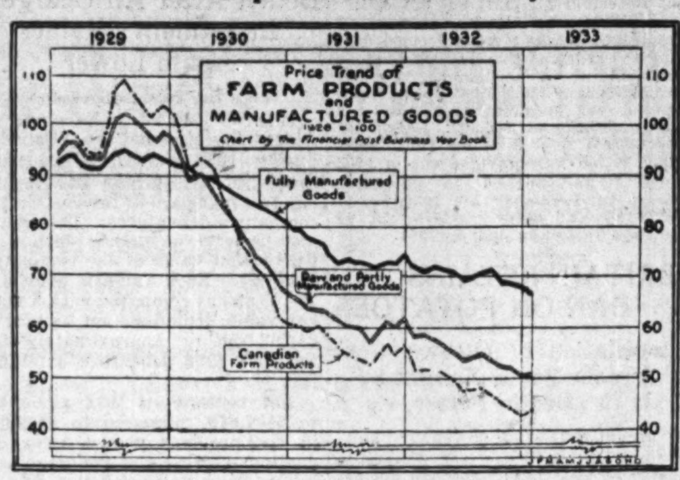
Pig iron production in Canada during 1932 totalled 144,130 long tons, just about one-third of the 1931 total when 420,038 tons were made and less than one-seventh of the 1929 peak total of 1,080,160 tons. Stocks of producers at the end of 1932 totalled 125,000 long tons.

Most of the pig iron made in Canada is shipped to the companies' own plants to be further manufactured, only about one-third being sold. Sales in 1932 and 1931 were:

Pig Iron Sales, 1931 and 1932

	Quantity 1932 long tons	Quantity 1931 long tons	Value 1932 $	Value 1931 $
Basic	1,041	6,365	19,921	107,693
Fdry.	39,071	97,183	764,912	1,810,101
Mall.	15,328	36,072	303,700	695,717
Total	55,440	139,620	1,088,533	2,613,511

Price Gap Narrows in January



The best gain in over a year in the official government index of prices of Canadian farm products was recorded in January as indicated in the above chart. At the same time prices of fully manufactured goods moved slightly downward.

The significance of these price trends can be appreciated when it is remembered that until this yawning price gap is ironed out there is little possibility of farm purchasing power being restored to normal levels in Canada.

Shoe Makers' Volume Aided by Cheap Lines

Production 1.1 Per Cent Above 1931 Level But Dollar Value Down — Lower-priced Serviceable Lines Enable Manufacturers to Gain in Past Year

Disastrous decline in leather costs during the past three years has enabled boot and shoe manufacturers in this country to maintain their volume by production of a lower-priced, serviceable shoe. Standard lines have been reduced in price by from 10 to 25 per cent and, in addition, shoes have been produced, and are being sold at retail, at prices not thought possible some years ago. A number of well-known makers are producing a shoe to sell for $5 which contains leather of a grade not found in shoes selling for less than $7 prior to 1931.

Boots and shoes were one of the few commodities to show increased production in 1932 compared with the previous year, the total for the year being 1.1 per cent greater than in 1931. Actual production amounted to 17,879,218 pairs compared with 17,677,616 pairs in 1931.

Dollar Sales Down

Naturally, with shoes much reduced in price, the dollar value of sales is considerably reduced and, furthermore, a large retailer told The Financial Post, the margin of profit is about 50 per cent less than when prices were somewhat higher. This retailer pointed out that the manufacturer had also to be content with a smaller margin of profit, so small in the case of the lower-priced shoes that it was insufficient to meet all overhead expenses.

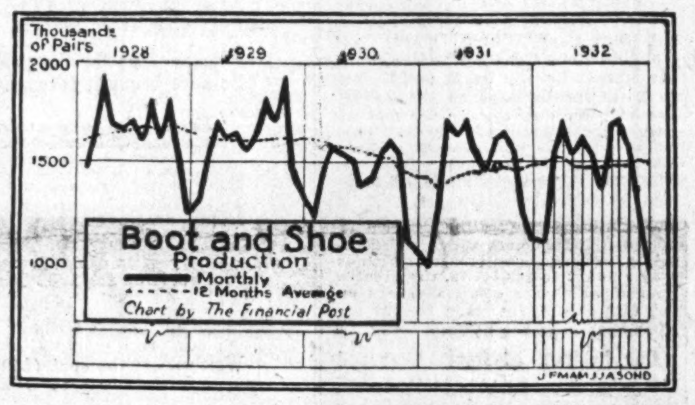
Despite a high tariff protecting the industry, cheap labor countries, particularly Czecho-Slovakia, are still able to undersell the Canadian manufacturer of cheap shoes and take a small portion of the market. This portion taken by central European competitors is not large in itself, it was pointed out, but these cheap imported shoes have the effect of depressing the price to levels at which the Canadian factory cannot operate.

Increased production in January and February compared with the same months of 1931 was chiefly responsible for the improved 1932 showing although production in each of the four months ended November was greater than in the corresponding months of the previous year. December production dropped below the million mark for the first time during the year and recorded a loss of 155,000 pairs from December, 1931.

Cheaper Styles Gain

Women's slippers is the individual item which records the greatest increase in volume in 1932 compared with 1931, although the totals for both men's and women's shoes and slippers are greater. The more expensive models of men's shoes, both Welts and McKays, record lower production in 1932 but screw and wire fastened and stitchdowns are higher. Totals for boys' and youths' and children's shoes record decreased production in 1932.

In total shoes, the Welts and McKays again show reduced volume, slippers being the largest gainers with cheaper models of all shoes showing increased volume. Comparative production for 1932 and 1931 is shown in the following table:



Pairs of Boots and Shoes Produced

Boots and shoes with leather or fabric uppers:	1932	1931
Welts	2,852,927	3,133,208
McKays	8,245,495	8,368,447
Turns	332,177	436,653
Nailed, pegged, screw or wire fastened	1,763,668	1,736,038
Stitch downs	2,108,335	1,991,394
All other	299,469	185,577
Total	15,602,071	15,851.317
Shoepacks, larrigans & moccasins (oil tan)	37,244	51,519
Moccasins (other than oil tan)	49,290	63,195
Footwear with felt uppers	437,207	381,442
Slippers	1,753,406	1,330,143
	17,879,218	17,677,616

Concentrated Milk Product'n Drops 1 Per Cent in 1932

Concentrated milk production in Canada in 1932 amounted to 83,689,045 pounds, a decrease from the preceding year of 1,004,367 pounds, or 1 per cent. Of the total in 1932, more than 48,750,000 pounds was evaporated milk, 14,293,000 pounds condensed milk and 11,895,000 pounds skim milk powder.

Other items listed under the general heading "concentrated milk" which are produced commercially in Canada are: condensed skim milk, whole milk powder, cream powder, buttermilk powder, condensed buttermilk, sugar of milk and casein.

Canadian Business Indicators

Compiled by The Financial Post

	Weekly Latest		Cumulative Jan. 1 to date	
Transportation—	1932-33	1932-31	1932	1931
Car loadings (Feb. 4)	31,911	40,206	155,706	200,827
C.P.R. gross earn. (Feb. 7)	$ 1,777,000	$ 2,178,000	$ 9,453,000	$ 11,382,000
C.N.R. gross earn. (Feb. 7)	$ 1,966,994	$ 2,594,801	$ 10,422,893	$ 13,543,130
	Monthly			
C.P.R. net earn. (Dec.)	$ 2,310,749	$ 3,590,562	$ 20,089,984	$ 25,424,766
C.N.R. net earn. (Nov.)	$ 1,038,581	$ 2,084,481	$ 10,164,170	$ 7,491,999
Iron and Steel—				
Pig iron, tons (Dec.)	27,031	13,862	144,130	420,038
Steel, tons, (Dec.)	30,755	20,969	342,788	672,109
Automobiles prod., No. (Dec.)	2,139	2,377	60,816	82,559
Automobile exports, No. (Dec.)	1,132	303	13,022	14,539
Construction—				
Building permits (Dec.)	$ 1,450,731	$ 7,895,106	$ 39,403,306	$ 112,222,845
Contracts (January)	$ 3,362,400	$ 12,738,300	......	......
Newsprint—				
Production, tons (Dec.)	138,682	165,173	1,907,566	2,221,454
Exports, tons (Dec.)	136,993	161,835	1,776,758	2,008,238
Sugar—				
Imports, raw, lbs. (Dec.)	22,371,400	46,338,100	674,635,900	798,359,500
Melt & ship. lbs.*	18,766,629	27,972,514	......	......
Manufactured, lbs.*	27,303,133	27,891,289	......	......
Flour—				
Production, bbls. (Dec.)	1,009,799	1,175,152	14,465,164	16,673,367
Wheat flour exp., bbls. (Jan.)	397,304	331,806	......	......
Other Industrial Indices—				
Lumbering: Plank & board exports, mill ft. (Dec.)	38.54	76.65	675.12	937.73
Boots and shoes, pr. (Dec.)	978,064	1,133,534	17,879,218	17,677,616
Petroleum, imp. crude, gal. (December)	32,810,000	61,840,000	889,847,119	1,017,393,901
Cotton, imp., raw, lbs. (December)	13,819,000	12,224,000	97,356,000	95,598,000
Rubber, raw, imp. lbs. (Dec.)	2,109,000	5,493,000	46,854,961	56,582,185
Coal, imports, tons (Dec.)	893,636	1,025,187	11,673,428	13,531,831
Gasoline sales, gals. (Sept.)	63,607,000	61,382,000	389,876,000	422,291,322
Trade—				
Imports (December)	$ 29,025,434	$ 40,289,795	$ 452,678,492	$ 628,098,386
Exports (December)	$ 42,615,796	$ 53,255,476	$ 493,916,338	$ 605,386,003
Wheat exports, bus. (Jan.)	14,706,801	9,472,346	......	......
Labor—				
Employment Index (Dec.)	78.5	91.6	....	....
Electric Power—Output—				
M. Kilowatt hours (Dec.)	1,483,159	1,432,182	15,862,736	16,383,398
Finance—				
Failures, No. (Nov.)	229	213	2,224	2,020
Failures, Liabilities (Nov.)	$ 4,342,717	$ 4,335,646	$ 38,849,423	$ 49,595,665
Bank debits† (Dec.)	$ 2,684,605	$ 2,636,122	$ 25,844,288	$ 31,586,468
Bond sales (Dec.)	$ 265,700	$ 1,910,269	$ 374,529,058	$ 611,087,497
Insurance sales (Dec.)	$ 35,483,000	$ 47,168,000	$ 403,023,000	$ 489,312,000
Automobile Financing:				
Used cars (Dec.)	$ 662,725	$ 1,003,073	$ 13,116,991	$ 21,071,707
New cars (Dec.)	$ 471,961	$ 823,881	$ 12,736,915	$ 20,869,541

*Four weeks' period, Jan. 7 to Jan. 28.

New Industries and Plant Extensions in Canada

Compiled Weekly By The Financial Post

National Silicates, Limited, Brantford, Ont., expects to proceed immediately with the erection of plant for the manufacture of silicate of soda provided that negotiations regarding a site are satisfactorily consummated. The company was formed in 1932, jointly by Philadelphia Quartz Co. and G. F. Sterne & Sons, of Brantford.

Aeroxon Fly Catcher Co., of Canada, has established in Sherbrooke, P.Q., and will commence operations shortly employing about 40 men.

Gulf Refining Co., of New York, are considering the establishment of an oil refining plant in Saint John, N.B. Negotiations are at present being conducted between the Civic Industrial Committee and the company. It is understood that, if the plant is proceeded with, the product will be oil of the type used by oil-burning vessels.

Plunkett Chemical Co. (Canada) Limited has been incorporated and has secured manufacturing space in the Canadian General Electric building in Hamilton, Ont. The company, which is the Canadian subsidiary of a United States concern of the same name, will manufacture a complete line of sanitary products for the industrial, commercial and institutional trade. Norman Caldwell, who has represented the company in Canada for some years, will continue as manager of the new concern.

George K. Guild and R. A. Barron are active in Edmonton with plans to establish a straw paper plant in that city. A meeting with a number of prominent citizens has taken place at which information as to possible markets was given. A sum of $50,000 would be required to establish the plant and provide working capital.

Gold Seal Electrical Co., subsidiary of a United States company of the same name, has received a Canadian charter and plans to commence operations in a plant in South Hull, P.Q. Oscar Klein, of the United States company, is at present carrying on negotiations with the municipality.

J. B. Williams Co. of Canada plan to erect a new manufacturing plant in Ville LaSalle, near Montreal, commencing operations in April. The town has passed a by-law allowing 50 per cent tax exemption to the company's plant for a period of ten years commencing Jan. 1, 1934.

Retail Price Index Below 1917 Level

Under the influence of 1.2 point drop in the index of cost of food the general index of retail prices, rents and cost of services of the Dominion Bureau of Statistics on the base of 1926 equals 100 dropped below the 80 mark in January for the first time since 1916. All other indices remained stationary from December.

Price declines in eggs, lard and some meats were sufficient to lower the food index from 64.0 in December to 62.8 in January although there were increases in the price of butter and potatoes.

Retail Price Indices
(1926 = 100)

	Jan. 1933	Dec. 1932	Jan. 1932
Food	62.8	64.0	69.6
Fuel	89.3	89.3	93.9
Rent	90.0	90.0	99.8
Clothing	69.2	69.2	76.4
Sundries	96.4	96.4	97.1
Total	79.7	80.0	85.4

Commodity Prices

Commodity Prices at Wholesale‡

	Week ending Feb. 11	Previous week	Same week last yr.
Cattle (cwt.)	$4.75	$4.40	$7.00
Copper, lb.	.05	.05	.06½
Cotton, lb.	.0595	.0625	.0675
Rubber, lb.	.0297	.0296	.0412
Silk, lb.	1.22½	1.20	1.85
Sugar raw, lb.	.0265	.0270	.0295
Wheat (Man.) bu.	.46	.44½	.61⅝
Hides, lb.	.05	.05	.06½
Coffee, lb.	.08¼	.08¼	.07

Weekly Indices*

	Week ending Feb. 11	Previous week	Same week last yr.
N. Y. Annalist	81.3	80.3	92.0
Fisher's	55.3	55.5	†62.0
N. Y. Journal of Comm.	52.5	52.6	59.6
Crumps (Brit.)	60.9	61.1	†62.4

* N. Y. Annalist base, 1913, others, 1916.
† Average 1932.

Monthly Indices

	Latest w'sale	Prev. month	Same month last year
Canada (D.B.S.) (Jan.)	63.9	64.0	69.4
Retail (Jan.)	79.7	80.0	89.6
U. S. Labor (Dec.)	62.6	63.9	...
Gt. Brit. (Dec.)§	46.0	46.0	...

‡ Basis of price quotations is as follows: cattle — steers, good, over 1,050 lbs., top price, Toronto; copper—electrolytic, New York; silk—Japanese, 13-15, New York; sugar—96 degree centrifugal c/f New York; wheat—No. 1 Man. North., Ft. W.-Pt. A. basis; hides—heavy native steers; coffee—Rio, No. 7, spot, New York.

§ Converted to U. S. dollar equivalent.

FARM GOODS INDEX HIGHER IN JANUARY

Spread With Manufactured Goods Narrows as Latter Index Drops

Wholesale price indices of the Dominion Bureau of Statistics for January show that the spread between farm products and manufactured goods has been considerably narrowed from the previous month although it is still somewhat greater than at January, 1932. A decrease of 0.6 to 67.5 in the index for fully and chiefly manufactured goods and an increase of 0.9 to 43.6 in the farm products price index is responsible for the narrowing of the spread to 23.9 points compared with 25.4 points in December and 19.8 points at January, 1932.

Although the foods, beverages and tobacco index increased from 59.3 in December to 59.5 in January, the total index for consumers' goods is depressed to 69.8, a new low mark. Producers' goods, on the other hand, show a rise in the price index for January to 58.8 from 58.6 under the influence of higher indices for producers' and manufacturers' materials.

Changes from the previous month and from January, 1932, are shown in the following table:

Wholesale Price Indices
(1926 = 100)

	Jan. 1933	Dec. 1932	Jan. 1932
Raw and part. manuf.	51.2	51.1	58.6
Fully & chiefly mfg.	67.5	68.1	71.8
Farm products	43.6	42.7	52.0
Field crops	35.1	33.6	42.0
Animal	57.9	57.8	68.8
Consumers' goods	69.8	70.6	73.3
Food, bev. & tobacco	59.5	59.3	63.6
Producers' goods	58.8	58.6	66.9
Equipment	87.7	87.7	91.1
Materials	55.6	55.4	63.8
Bldg. & constr. materials	75.8	76.2	79.5
Manufs.' materials	51.1	50.8	60.3

Business Briefs

Average Value of the pound sterling declared by the Department of National Revenue for special duty purposes is $4.05 effective for entries during the period Feb. 16 to 28, inclusive.

Carloadings for the week ended Feb. 4 amounted to 31,911 cars, an increase over the previous week of 474 cars but less than the usual seasonal increase and the index number dropped from 56.60 to 55.93. Both the eastern and western divisions declined, severe weather being given as a cause.

Wheat Stocks for the week ended Feb. 3 increased slightly to 230,126,083 bu. compared with 229,186,647 bu. for the previous week. Stock in the corresponding week of 1932 totalled 193,417,611 bu.

Wheat Exports for the week ended Feb. 3 amounted to 3,982,307 bu., 1,047,635 bu. greater than in the previous week and 1,228,689 bu. above the figure for the corresponding week of 1932. Vancouver handled 2,576,563 bu. and U. S. Atlantic ports 940,000 bu.

Sydney, N.S., Steel Plants remained quiet during the last two weeks of January. The blast furnace and some open hearth furnaces, together with some of the mills, continued to operate on a very moderate basis, employing about 1,000 men all told.

Heavy Apple Shipments were made from the Port of Halifax for the week ending January 15, when 53,098 barrels were forwarded to overseas ports. For the same period last year 54,593 barrels were shipped. The total number of barrels forwarded during the shipping season so far is 472,629, as compared with 808,838 barrels for the corresponding period last year.

Lumber Mills in British Columbia operated at 20.7 per cent of capacity during the week ended Jan. 14, compared with 17.8 per cent in the previous week and 24.4 per cent in the corresponding week of 1932. During the week 170 plants were reported closed and 82 operating.

January Fur Prices advanced somewhat from December at the recent London auction. Silver fox pelts, ¾ and ½, advanced 15 per cent for low to medium quality and 10 per cent for medium and high quality.

Failures under the Bankruptcy Act for week ended Feb. 4 numbered 44, a decrease of 4 from the corresponding week of 1932. Figures for the year to date compared with 1932, are: 218 failures compared with 262. a decrease if 44 or 16.6 per cent.

Municipal Bond News

FOR over forty years this organization has been devoting its efforts exclusively to the publication of accurate State and municipal bond news. Not "flash" items or rumors, but carefully prepared news covering all the technical requirements of the municipal market have been responsible for its recognition as "The Authority on Municipal Bonds." It is therefore, the logical medium for municipal bond sale advertising.

Daily and Weekly Editions

THE BOND BUYER
Since 1891
"The Authority on Municipal Bonds"
67 Pearl Street New York, N.Y.

Nova Scotia Light & Power Company, Limited
5% First Mortgage Bonds due June 1, 1958
Principal and interest payable
In Canadian or United States funds.
Price: 88 and interest, to yield 5.92%
Particulars on request

Royal Securities Corporation
Limited
244 St. James Street MONTREAL
330 Bay Street TORONTO 2
Offices in all Provinces.

The British Mortgage and Trust Corporation of Ontario
Incorporated in 1877

Summary of Balance Sheet, December 31st, 1932

ASSETS

Office premises	$ 88,000.00
Other real estate	95,003.57
Mortgages	6,066,473.13
Government Bonds	170,943.69
Canadian Municipal Bonds	319,489.87
Other bonds and stocks	374,226.09
Advances to estates	9,436.31
Cash on hand and in bank	42,940.85
	7,166,513.51
Estate investments	593,306.81
	$7,759,820.32

LIABILITIES

To shareholders:	
Capital stock, fully paid	$1,000,000.00
General reserve fund	825,000.00
Dividend payable 3rd January, 1933	60,000.00
Profit and Loss Credit balance	19,209.36
To the public:	
Guaranteed investment receipts	3,138,285.44
Trust deposits	1,917,522.95
Other liabilities	206,495.76
	7,166,513.51
Estates, trusts, etc.	593,306.81
	$7,759,820.32

REVENUE ACCOUNT FOR 1932

Brought forward from 1931	$ 13,157.79
Net earnings on 1932 business (after allowance for bad and doubtful accounts)	126,051.57
	$139,209.36
Distributed as follows:	
Dividends at 12% per annum	$120,000.00
Balance carried forward to 1933	19,209.36
	$139,209.36

NELSON MONTEITH, President.
W. H. GREGORY, Managing Director.

GEORGE A. FULLER COMPANY of CANADA LIMITED
BUILDING CONSTRUCTION
DIRECTORS
R. G. Babbage D. J. McLeod
W. A. Black H. T. Hunter
L. R. Crandall N. L. C. Mather
Geo. T. Pepall Wilmot L. Matthews
J. J. Gibson J. F. McPherson
Hon. J. M. Wilson
TORONTO
MONTREAL
SERVICE EXPERIENCE ORGANIZATION

Fortieth Annual Report of
THE HOME INVESTMENT AND SAVINGS ASSOCIATION

The Fortieth Annual Meeting of the Home Investment & Savings Association was held at its Head Office, Winnipeg, on Monday, February 13th, 1933.

The Annual Report for the year ended December 31st, 1932, showed net profits, after deducting interest on borrowed capital, expenses of management, and Dominion, Provincial and Municipal Taxes, of $41,597.32.

Liquid Assets show an increase of $80,624.00, and now represent 122% of all call and time savings deposits.

BALANCE SHEET AS AT DECEMBER 31st, 1932

ASSETS

Loans on First Mortgages on Improved Real Estate—Less Reserve for losses		$1,150,827.22
Agreements for Sale on Properties foreclosed and resold—Less Reserve for losses		137,490.36
Interest on Mortgages and Agreements for Sale, due and accrued		50,460.15
Investment Securities (valued by the Directors on the basis authorized by the Superintendent of Insurance for insurance, trust and loan companies):		
Dominion and Provincial Government, Government Guaranteed and Municipal Bonds and accrued interest	$218,087.60	
Industrial Bonds and accrued interest	42,674.31	
		260,761.91
Investment in Shares of Subsidiary: Home Securities Limited (subscribed $5,000.00)		1,640.00
Cash on Hand and in Bank of Montreal		46,731.56
Sundry Debtors		7,124.65
Real Estate—Less Reserve for losses		284,272.14
Home Office Building—at cost less depreciation		117,018.37
Furniture, Fixtures and Automobile, at cost less depreciation		1,673.24
Mortgages to the amount of $77,298.40 are deposited as Collateral for Debenture Holders.		
		$2,057,999.60

LIABILITIES

To the Public:		
Debentures and accrued interest	$286,684.17	
Deposits at Call	215,692.42	
Deposits for Fixed Term	35,177.61	
Sundry Accounts Payable	10,555.03	
Provision for Dominion Income Tax	2,930.05	
		$ 551,039.28
To the Shareholders:		
Capital Stock paid up (subscribed $1,000,000.00)	$996,400.00	
Reserve Fund	500,000.00	
Undivided Profits	10,560.32	
		1,506,960.32
		$2,057,999.60

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the books and accounts of The Home Investment & Savings Association for the year ended December 31, 1932.

We have confirmed the cash and bank balances and have inspected or otherwise accounted for the securities of the Association.

The investment securities are valued by the Directors in the Balance Sheet at December 31, 1932, on the basis authorized by the Superintendent of Insurance for insurance, trust and loan companies. On this basis, in our opinion, the appended Balance Sheet at December 31, 1932, is properly drawn up so as to exhibit a true and correct view of the state of the Association's affairs, according to the best of our information and the explanations given to us and as shown by the books of the Association.

The transactions of the Association which have come under our notice, in our opinion, have been within the objects and powers of the Association.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

BOARD OF DIRECTORS
President, M. F. Christie
Vice-President, J. L. Bathgate
G. W. Allan, K.C., R. J. Gourley, W. A. Matheson, E. H. Bennest, K.C., John A. Flanders
Managing Director, W. E. Hobson

ILLINOIS CENTRAL SYSTEM
COURTESY EFFICIENT SERVICE ALWAYS

Only $75.00 ALL-EXPENSE FROM CHICAGO

6 Day House Party on Wheels

Mardi Gras AT New Orleans
INCLUDING THE BEAUTIFUL MISSISSIPPI
Gulf Coast

Shed dull care—revel in the spontaneous happiness of America's gayest, greatest carnival.

6 Glorious Days of Carefree Mirth

This year at greatly reduced prices Illinois Central's fifteenth annual all-expense tour to Mardi Gras at New Orleans and the beautiful Mississippi Gulf Coast leaves Chicago Feb. 26—six glorious days crowded with thrills and merriment.

Special reduced Mardi Gras fares for those traveling independently. A few example round trip fares from

Chicago	$45.02
St. Louis	33.83
Milwaukee	49.10
Omaha	54.82
Minneapolis	61.48
St. Paul	61.48
Cincinnati	40.38
Louisville	37.18

Two Fine Trains Daily from Chicago
THE CREOLE . . 9:45 a. m.
THE LOUISIANE 6:15 p. m.

USE THIS COUPON
W. P. WHEELAN, Traveling Passenger Agent, Illinois Central System
7-250 and 7-251 General Motors Bldg., 3044 W. Grand Blvd., Detroit, Mich.
Kindly send me, without cost, complete information about low cost trips to
☐ New Orleans ☐ Beautiful Mississippi Gulf Coast ☐ 6 days all-expense tour to Mardi Gras.
☐ All-expense, Rail-water tour to..........
☐ I am also interested in trip to..........
(Mention places or countries)
If hotel information desired, check here ☐ If interested in auto shipping plan, check here ☐
Name..........
Address.......... 23

Illinois Central
THE ROAD OF TRAVEL LUXURY
SHORTEST ROAD TO SUNSHINE

MONTREAL TRUST REPORT FOR 1932 REFLECTS CHANGE

Profits Cover Dividends; Drop in Capital Account; Trusts Higher

From Our Own Correspondent

MONTREAL.—Montreal Trust Co.'s financial statement for 1932 reveals earnings on a satisfactory basis, an increase in estates, trusts and agency account, but a decline in guaranteed trust account and in the capital account.

Revenues for the year netted $526,069 compared with $630,070 in the preceding year. The reduction in profits was largely accounted for by conditions generally, due to the falling off of revenues accruing to estates, safe-custody clients and others and on which revenues of the company's fees are bases. Earnings were also adversely affected by the curtailment of financing by the larger corporations through the medium of bond issues, the inactivity of stock markets, etc.

Show Fair Surplus

Particulars of the income account follow:

	1932 $	1931 $
Net profits	526,069	630,070
Less: Dividends	340,000	340,000
Income tax	61,758	75,347
Pensions	10,000	10,000
Balance	114,311	204,723
Brought forward	347,874	143,151
Carried forward	462,185	347,874

Company Account Lower

The balance sheet reveals a decline in the company's capital account from $8,564,377 to $8,236,035. Capital stock issued and capital reserve remain unchanged. Guaranteed accounts have dropped from $3,507,430 to $3,038,688.

In the breakdown of the company's assets, cash on hand shows little change, while time and call loans have dropped from $493,636 to $328,953. Mortgage loans are off about $82,000 to $812,186, while securities owned by the company stand at $5,652,763 compared with $5,695,343 a year ago.

Survey of Mortgages

In respect to the company's mortgage investments, Sir Herbert Holt, president, points out that 97 per cent are secured by city properties and practically all are in good standing. They are distributed as follows: 80 per cent in Quebec, 10 per cent in Ontario and 10 per cent in other provinces. The company's loans on farm properties in the Prairie Provinces amount to only $6,000 and in British Columbia to about $20,950.

Guaranteed Trust Down

Guaranteed Trust account shows a sharp shrinkage in 1932, the value at the end of the year being $18,940,882 compared with $24,040,408 at the close of 1931. The funds in this account were distributed as follows: call loans on bonds, stocks, etc., $15,993,224 as against $20,435,273 in 1931 and cash in bank $2,948,658, compared with $3,605,135 a year ago.

Estates, trusts and agency account has moved ahead, the value of such being $798,633,588. This compares with $760,824,823 at the close of 1931.

Old Board Re-elected

The election of directors for the ensuing year resulted in the old board, composed of the following: Sir Herbert S. Holt, president; Hon. A. J. Brown, K.C., vice-president; Robert Adair, J. E. Aldred, W. F. Angus, G. Caverhill, W. H. Coverdale, Hon. R. Dandurand, F. G. Donaldson, G. H. Duggan, A. E. Dyment, A. P. Holt, G. W. MacDougall, W. M. Macpherson, A. D. MacTier, C. B. McNaught, J. C. Newman, J. S. Norris, Hugh Paton, F. W. Ross, P. F. Sise, J. C. Smith, Hon. Smeaton White, M. W. Wilson.

Executive Committee: Sir Herbert S. Holt, Hon. A. J. Brown, George Caverhill, M. W. Wilson, G. H. Duggan, F. G. Donaldson.

J. S MITCHELL CO. MAINTAINS STATUS DURING PAST YEAR

Small Deficit Shown After All Charges; Retires More Preferred

From Our Own Correspondent

MONTREAL.—Operating profits of J. S. Mitchell and Co., hardware and supply dealers in the Eastern Townships of Quebec, were well maintained in 1932 considering the curtailment of business activity in the area served.

Total income amounted to $212,104 compared with $272,144 in the previous year. After taking care of expenses, earnings available for dividends amounted to $22,089 or $925 less than the amount expended on preferred dividends.

Particulars of the income account over the last three years follow:

	1932 $	1931 $	1930 $
Gross profit°	196,238	252,144	347,396
Other income	15,866	20,085	13,356
Total income	212,104	272,229	360,752
†Expenses	201,165	213,244	250,349
Net profit	10,939	58,985	110,403
Other profit	11,500	......	......
Total	22,089	58,985	110,403
Pfd. divid.	23,014	24,746	27,692
Balance	■925	34,239	82,711
Com. divid.	......	30,000	......
Surplus	■925	4,239	82,711
Tax adjust.	1,305	2,803	1,408
‡Premium	900	2,097	......
*Write-off	......	13,625	......
Balance	■3,130	■14,286	84,119
Prev. surp.	334,746	349,032	264,918
P. & L. bal.	331,616	334,746	349,032

Note:—†Includes income tax.
‡Premium on preferred shares redeemed.
■Debit.
*Dominion of Canada bonds written down to market value.
°After depreciation.

WORKING CAPITAL

	1932 $	1931 $	1930 $
Curr. assets	777,058	832,998	957,471
Curr. liabs.	101,812	135,994	204,448
Working capital	675,246	697,004	753,023

Retire More Preferred

A feature of J. S. Mitchell and Co.'s financial statements in the past few years has been the steady retirement of the preferred stock. Last year $18,000 of this stock was retired, leaving an outstanding balance of $322,000.

Total assets of the company at December 31, 1932, aggregated $1,167,874, down from $1,233,186 at the close of 1931. Cash position has been improved, while inventories have been lowered and written down to market values. An investment of $89,600 in bonds, shown in the 1931 statement, remains much the same.

Lower Bonded Debt

On the liabilities side of the balance sheet, accounts payable have been reduced from $121,342 to $92,517. The 6 per cent mortgage on the company's property has been reduced from $80,000 to $72,000. The surplus stands at $331,616 compared to $334,746 in the previous year.

Jobless Insurance Collapse Seen in Germany's Action

Study of Great Experiment in Social Insurance Has Valuable Lessons for Canada and U. S. A.

That last year's changes in the original provisions of the German unemployment insurance law marked the collapse of the greatest experiment in social insurance that the world has seen is one of the arresting conclusions of a book entitled, "Unemployment Insurance and Relief in Germany" published recently by the National Industrial Conference Board Inc., of New York.

At the present time, it is pointed out, unemployment insurance takes care of only 11 per cent of the total of unemployed workers while present rates of insurance benefits are not adequate to provide decent living conditions for the unemployed. According to this survey which was undertaken through the Oberlander Trust of the Karl Schurz Memorial Foundation in the summer of 1932, it is generally expected in Germany that unemployment insurance will eventually disappear as a system of mass unemployment relief.

Original Plan Outlined

Under the original provisions of this far-reaching system which was created in 1927, an insured worker without dependants and in the highest wage class, received $5.25 per week in insurance benefits. These benefits might continue for a period of 26 weeks, or 39 weeks of unemployment in a year. Funds for the payment of benefits were obtained by contributions of 3 per cent of the wages paid, half of which was paid by the workers and half by the employers.

In the first full year of operation, however, disbursements exceeded receipts by $52,400,000, which together with certain costs of operations had to be met by a federal government loan. In December, 1929, contribution rates were raised to 3.5 per cent but the deficit in the fiscal year ending March 31, 1930, rose to $68,100,000. A further increase in the rate to 4.5 per cent in July, 1930, failed to overcome the deficit which amounted to $106,700,000 in the following fiscal year.

Total Deficit $365,000,000

The total deficit from October 1, 1927, to March 31, 1931, amounted to $365,000,000 made up by loans from the federal government which will never be repaid. As a result, the major burden of caring for unemployment has shifted to what are known as emergency relief and welfare relief plans and the unemployment insurance scheme has been reduced to a minor place in the whole problem of caring for unemployment in Germany.

Not an Actuarial Risk

Collapse of the unemployment insurance as a method of mass unemployment relief was due, according to this survey, to the fact that unemployment is not an actuarial risk and that unemployment insurance cannot be placed on a sound financial basis.

Apparatus provided for the administration of unemployment insurance and the efficiency and honesty with which the scheme has been administered, says the report, have unquestionably been of the highest order. The financial structure collapsed because the basis on which it rested was unsound. When demand on the insurance fund increased, the income declined. After large deficits during the first year of its existence which were made up by governmental subsidies the insurance fund was finally forced by the government to balance its account. A balance between income and expenditures, however, was accomplished only at the expense of the unemployed worker and throwing about 80 per cent of the cost of unemployment relief on the federal government and on the communes.

Lesson to be Learned

Lessons learned from the Germany experiment point to a new national system of unemployment relief with the retention of the labor offices established under the unemployment insurance law of 1927. There are 361 of these offices throughout the country and their function has proved to be an extremely important one. It is one of the principal lessons from German experience, says this survey, that no system of unemployment relief on a national or state basis can be devised without an efficient system of labor exchanges to which all unemployed workers must report immediately upon loss of employment.

Since the evidence is said to prove conclusively that no unemployment insurance system can be devised to take care of depressional unemployment and that the largest proportion of the unemployed in a period of business depression must be supported directly by the state, the problem which faces Germany is how to devise an adequate and equitable system of state unemployment relief that will not prejudice the interests of any governmental agency and that will not discriminate against any group of the unemployed workers.

U. S. Observations

Bringing home the German lesson to the particular problem of the United States, the survey concludes that there is no reason to believe that the experience in the U. S. would be any different to that of Germany, namely, that no insurance system can be devised to take care of depressional unemployment and that the cost of this unemployment falls largely on the state. Thus, informed opinion in Germany advocates the establishment of a system based on the following principles:

1. Unemployment is not an insurable risk;
2. Unemployment relief should be paid by the nation as a whole;
3. Relief should be given not as a legal right but only to persons who are in need and in proportion to the degree of that need.

Another important point is that Germany apparently marvels that the United States have not specifically taxed those who have incomes to take care of unemployed. "If Germany had the wealth and resources of the United States" administrators of employment relief in Germany are reported as saying, "the unemployment problem would be the least of our worries. This summer we imposed a special tax, varying from 1.5 to 6.5 per cent on the incomes of all recipients of wages and salaries who are fortunate enough to have jobs in this period of depression. The income from this tax will be used specifically to help those members of society who are unemployed.

"This tax is paid even by the industrial worker, who already contributes 3.25 per cent of his wage to the unemployment insurance fund, and by the employer, who contributes 3.25 per cent of the total payroll to the same fund and who in addition has to pay a high income tax if he is fortunate enough to have an income. In Germany a married man with two children with a net income of 1,500 Reichsmarks, $357, pays an income tax at the rate of 4.6 per cent. A single person earning the same amount pays 7.72 per cent of his net income to the government.

"In the United States an enormous majority of the people pay no income taxes because the exemptions are very high. Most of your states do not even impose an income tax. If we had in Germany the reservoir of untaxed funds that you have in the United States, our problem of unemployment relief would be easily solved."

Ontario Gold Mines Output

The gold mines in Ontario, the principal source of supply of the Canadian production of the precious metal, now make up the second most valuable gold-producing area in the world, being exceeded only by the Rand mines in the Transvaal, South Africa. Ontario's gold output in 1932 amounted in value to $46,773,154.

CANADIAN BRONZE EARNED 80 CENTS COMMON STOCK

Dividends Necessitated Drawing $35,679 from Surplus

From Our Own Correspondent

MONTREAL.—Earnings of Canadian Bronze Co. in 1932, after all charges including preferred stock sinking fund requirements, were equal to 80 cents a share on the common. Dividends at the rate of $1.25 a share were paid resulting in an encroachment into surplus of $35,679. In the previous year dividends totalling $2.18 a share were paid resulting in a deficit of $41,820.

There has also been charged against surplus $105,000 on account of depreciation of investments and $6,000 for 1931 income tax leaving a balance to forward of $325,187 compared with $470,567 at the end of the previous year.

PROFIT AND LOSS ACCOUNT

	1932 $	1931 $
Operating inc.	105,894	180,945
Add: Other inc.	15,973	17,432
Net earnings	121,867	198,377
Less: Preferred divds.	50,400	50,400
Pfd. sink. fund	7,146	14,797
Common divds.	100,000	175,000
Surplus for year	*35,679	*41,820
Add: Prev. surp.	†471,866	519,387
Less: Invest. dep.	105,000	......
Inc. tax (prior yr.)	6,000	7,000
Bal. forward	325,187	470,567

*Deficit. †Adjusted.

WORKING CAPITAL

	1932 $	1931 $
Current assets	740,367	928,097
Current liabilities	103,969	181,002
Working capital	636,398	747,095

Securities Below Market

Balance sheet shows a reduction in cash and accounts receivable but inventories at $345,715 are higher by $9,000. Marketable securities at cost are higher by $60,000 at $396,348. Against this a reserve for depreciation of $168,811 has been established and the balance of $227,537 compares with an approximate market value of $228,548. Market value of securities at December 31, 1931, was $247,391.

Liabilities reflect the fact that no preferred shares were redeemed during the year and the $720,000 of stock outstanding is unchanged. Former bank loans of $35,000 have been liquidated and accounts receivable are down $42,000 at $66,369. Details of preferred stock sinking fund show that $7,146 was provided out of 1932 profits and applied to purchases prior to December 31, 1930, while $123,184 had been provided out of profits up to the end og 1931.

BRITAIN RETAINS BAN ON POTATOES

Legislation of Ottawa Conference Set at Naught by Beetle Pest

Fear of importing the Colorado beetle has decided Great Britain in favor of maintaining the ban against the import of potatoes from any country where this pest is known to exist and Canada's potential market in that country is therefore abolished.

Strenuous efforts were made by the Canadian government's pathological laboratory to convince the British agricultural representative present at the Imperial Conference that it would be possible to ship Canadian potatoes without fear of the beetle pest being transmitted but these were unavailing.

It is interesting to note that, according to a correspondent in the Edinburgh Scotsman, British potatoes are barred from Canada owing to the existence in Great Britain of wart disease so that, despite Imperial Conference legislation allowing free trade in potatoes between Canada and Great Britain none will be shipped.

ALDRED TRUST REPORTS DROP IN 1932 INCOME

Deficit After All Charges; Investment Values Again Lower

From Our Own Correspondent

MONTREAL.—Earnings of Aldred Investment Corp. (Canada) during 1932 showed a moderate drop, but net income was insufficient to take care of interest on the company's debentures. The report also reflects a further decline in the market value of the company's holdings. Book value is shown at $3,145,690 as compared with a market value, including net assets, of $1,262,500, or approximately $56 for each $100 debenture outstanding.

Net revenue in 1932 amounted to $101,679 compared to $129,044 in the previous year. After deducting interest and exchange premium, there was a deficit of $6,630.

Details of the income account follow:

	1932 $	1931 $
Revenue	108,444	135,269
Gen. exp.	6,765	6,325
Balance	101,679	129,044
Deb. int.	105,570	111,677
Balance	*3,891	17,367
U. S. exch.	2,739	9,432
Balance	*6,630	7,935
Losses	......	†5,033
Balance	*6,630	2,902
Prev. bal.	67,266	70,647
Total	60,636	73,547
Adjust.	......	‡6,281
P. & L. bal.	60,636	67,263

*Debit. †On securities sold.
‡Including 1930 income tax.

There is relatively little change in the balance sheet, assets being carried at $3,236,836 as against $3,287,237 a year ago. Investments which are carried on the books at cost have dropped about $40,000 to $3,145,690. Current assets total $91,146 compared with $102,144 at the close of 1931, the principal change being a decline in accrued interest and dividend declared.

Retire $122,500 Debentures

Outstanding debentures have been cut from $2,393,000 to $2,270,500. During the year $122,500 of debentures were purchased at a substantial discount from par value. A capital surplus of $84,003 resulted from these purchases, against which there has been written off loss on sale of securities amounting to $2,518, leaving a net credit of $81,485 to be added to this account which now stands at $104,614.

There is no change in the issued preferred and common stocks, while the earned surplus amounts to $60,636.

In commenting upon operations last year, J. E. Aldred, president, stated that sales of securities consisted of: $25,000 International Power Securities Corp. B and E securities and $16,000 of Ontario Power Service Corp. bonds.

A list of securities owned at the end of the year is included with the report.

Canadian Airways Buys Western Aviation Firm

From Our Own Correspondent

MONTREAL. — Canadian Airways Ltd. has widened its operating scope in Western Canada by the purchase of Spence McDonough Air Transport Ltd. All operating assets and transportation contracts have been taken over by the purchaser. The principal bases of the new subsidiary are at Waterways and Wabowden.

Aircraft assumed by Canadian Airways comprises three Fairchild machines and a de Havilland bi-plane. The services formerly handled by Spence McDonough Air Transport included operation at God's Lake, and Island Lake, mining territories in Manitoba, and up the Mackenzie River. In 1931, the company's planes made 290 flights, carrying some 50,000 lbs. of freight.

NEW LOW POINT FOR EMPLOYMENT AT CLOSE OF 1932

Lumbering is Lowest Although All Are Reduced

With the British Columbia index dropping to a new low mark of 73.8 in December chiefly owing to slackness in the logging industry and the same cause helping to depress the indices for Quebec, Ontario and the Maritimes, employment in Canada at the end of 1932 was at a low point since the decline began in 1929, according to a compilation of the Dominion Bureau of Statistics from information received from 7,900 employers throughout the Dominion. These employers had an average payroll during the year of 801,356, their highest point for the year being January 1 when the total was 835,960 and the low point of 765,441 was reached on December 1.

The index number at December 1, on the base of 1926 equals 100 was 83.2 compared with 99.1 at the same date in 1931, while the average for the year was 87.5 compared with 102.5 in 1931. In addition to this large decrease it is pointed out by the Dominion Bureau that during the past few years there has been a tendency to keep men employed even if it has meant working on short time and therefore wages paid would probably disclose that an additional number of men were partially employed only.

ANNUAL MEETING OF The Ontario Loan and Debenture Company

LONDON - CANADA

Substantial Increases In Deposits and Currency Debentures

Exceedingly Strong Liquid Position as Cash in Banks and Holdings of Dominion and Provincial Government Bonds Exceed Total Deposits

Mortgage Payments Continue to be Satisfactorily Met

The 62nd Annual General Meeting of the Shareholders of this Company was held on Wednesday afternoon, 8th instant, at the Company's offices, London, Ontario, those present being Messrs. A. McPherson, T. H. Main, A. T. Little, J. McClary Gunn, O. Roy Moore, E. E. Reid, Andrew Dale, J. P. Dewan, J. Edgar Jeffery, J. McClary Moore, Prof. James H. Bowman, George C. Gunn, Earl A. McKellar, Judge Talbot Macbeth, Gordon M. Cooper, James McKenzie, Joseph Jeffery, Alex. G. Calder, F.C.A., James F. McMillan, Walter T. Westby, George Gunn, Thomas F. Walker, F. G. McAlister.

The chair being taken by the president, Mr. A. McPherson, the manager, Mr. T. H. Main, who acted as secretary, read the notice calling the meeting, and the minutes of the last annual meeting were, upon motion, confirmed.

The President, Mr. Archibald McPherson, in moving the adoption of the Report, said:

The report of your Directors with the Balance Sheet for 1932 duly certified has been in your hands for the past two weeks.

The net earnings are not quite 5% less than for 1931. The reduction in earnings in the last three years has not been caused by any increase in expenses, in fact except for taxes our expense ratio for 1932 was the lowest in 20 years; nor has it been caused by any undue losses actually suffered; but is the result of the additional provisions being made for possible losses which may come upon us if the present bad times continue for too long a period. Any losses actually made are, of course, taken in the year in which they occur, but it has always been our policy to go further than this and anticipate and provide as far as we can for possible future losses, as should be the policy of all soundly managed companies.

We do not wish you to infer from this that we have any misgivings as to the soundness of our mortgage investments, for we have not. Our mortgage loans have been carefully selected and well distributed, and continue to be on the whole well paid, except with regard to our comparatively small proportion of Western farm loans, as the figures I will now give you will show.

Over 85% of our total amount of mortgages is secured on city properties and on these the interest in arrear at the end of the year was under one-half of one per cent of the amount invested as against one-quarter of one per cent. at the end of 1931, not a serious impairment of a good payment record. This shows how good were the actual cash payments of interest in 1932.

On our Ontario farm mortgages the interest in arrear at the end of the year was 2% of the amount invested as against 1 1/5% at the end of 1931. On the Western farm mortgages, which are but 10% of our total, the interest in arrear at the end of the year was 16% of the amount invested as against 10% at the end of 1931. This condition is a reflection of how very difficult the times are for the farmers, particularly those in the West, and we are extending to them every possible consideration.

As is shown in the "Mortgages" item of the Balance Sheet the amount of due and accrued interest which we have taken into account at the end of the year is $281,353.61, and this is the same normal proportion to the amount of mortgages in previous years as before, that is five months interest on the total principal outstanding. This is, of course, interest which we have no doubt of receiving in due course, no other mortgage interest whether due or merely accruing having been taken into account at all.

Related to the mortgages is the Balance Sheet item of "Real Estate held for Sale." As in previous years, the properties this represents are taken into account at very low figures, and it is expected that when realized upon they will, as has been our experience, show a surplus over the sum at which they are now carried. The item is an increase over last year's amount as was expected would be the case and is owing to the fact that demand for real estate being very light more properties came into our hands during the year than were sold. The amount, $149,639.03, is, however, less than 1½% of the mortgage investments, whereas, back in the nineties, when conditions for mortgage loaning companies were as difficult, if not more so than they are today, the properties held for sale were a much larger proportion of the mortgage assets.

This Company in their report for the year 1893, remarked upon the "comparatively short crop" of that year, and the "extremely low prices," and referred to the financial depression in the United States. Each year thereafter the properties held for sale increased in amount until at the end of 1897 the peak was reached, the amount shown then being 4½% of the total mortgages. But 1897 was reported a better year with good harvests and favorable prices, and thereafter the amount representing real estate on hand declined steadily each year until at the end of 1902 it was reported no real estate was left unsold, and for many years afterwards property sold as soon as acquired and each year end showed a clear sheet.

History has a habit of repeating itself, and the encouraging part to us of this parallel condition almost forty years ago is that real estate demand and values and the good times that this signified came strongly back in due course.

I have dealt with the items in the Balance Sheet somewhat out of their order, but will refer now to the first item of Assets, that of Office Premises. It was intimated at last year's Annual Meeting that as our office accommodation was very inadequate for our business, plans were under way to bring into use for ourselves the adjoining property purchased in 1931, to provide the additional space needed.

As our Savings and Debenture customers were steadily increasing in number, and as building costs were found to be much lower, and providing work of this kind would be a boon to the building trades in a very quiet season for them, it was decided in March last to proceed at once with the necessary alterations and improvements, including the building and equipment of a modern safety deposit vault of the best and safest type. This last accommodation for our customers we had not previously possessed.

The work was finished by August and from the many comments heard, we think our shareholders, resident here, as well as our depositors and debenture holders are more than pleased with the result. Our architects, Messrs John M. Moore & Company, of this City, are to be congratulated upon the very successful working out of their plans. We now have spacious, attractive, and conveniently arranged offices which compare favorably with modern banking premises in even larger cities, and what we consider a reasonable expenditure of $49,679.76, which includes the cost of the public safety deposit vault and equipment, which is conveniently located on the main floor.

As you will have seen from the report in your hands we have written off $19,679.76 of the total cost. Thus our Office Premises Account, which previously stood at $90,000 is now carried at only $120,000. This, we think, the Shareholders will consider a moderate figure when it is realized that we have in the heart of the city a corner property with 61½ feet frontage on the main street, Dundas Street, and standing along the whole west side of the Market Lane, a depth of 143 feet to a similar frontage on the Market Square. We now occupy and find we need all the ground floor area ourselves with the exception of a small store on the Market Square frontage. This and all the upper floors are occupied by satisfactory tenants.

The other items on the assets side of the Balance Sheet speak for themselves. The loans on stocks and bonds only amount to $29,441.28, the greater part of which are small advances on our own debentures made for the accommodation of the holders.

Our holdings of Government and Municipal bonds are, of course, a matter of interest, particularly in these times, as showing the strength of our liquid position. As shown in the Directors' report, our position in this respect is an outstanding one. Our holdings of bonds of and guaranteed by the Dominion and Provinces alone, without taking other securities into account, make with our cash in banks a larger sum than the total of our savings deposits. The total actual market value at the 31st of December of our holdings of Government and Municipal bonds is substantially higher than the book value at which they appear on the Balance Sheet.

I have much pleasure in moving the adoption of the Report.

The Vice-President, Mr. T. H. Main, seconded the adoption of the Report, and spoke as follows:

It is fitting that at a time like this we should pay tribute to those conservative-minded and far-seeing men who have preceded us in directing the affairs of this Company, particularly the late Mr. Smart and the late Mr. Richter.

By their sound and careful investment and management policies and a moderate dividend paying course which permitted the addition steadily year after year of substantial sums to Reserve Fund, they prepared almost as if they had definitely foreseen it for the stress of the present time.

As a result of these wise policies followed for many years our Company stands as a thrift institution in the strength of which the public it serves has and may have the fullest confidence. To our depositors and debenture holders in this community this fact of strength and stability is the first consideration in this period of trying and uncertain business conditions. To our shareholders, it must be, I think, a great satisfaction.

It is our ambition to continue the Company's business along the same sound lines so that it may stand the test of the troubles of future years as it has those of the past and continue to grow in public confidence.

Speaking for the other Directors and for the executive officers, may I say we considered ourselves most fortunate in having on our Board in Mr. McPherson, a Director so well qualified in every way to take the place of the late Mr. Richter as our President, and whose business interests were not so exacting as to preclude his giving the daily attention to the Company's affairs which that office calls for.

We were also fortunate in that such an outstanding man in financial circles and so well and favorably known throughout the Dominion as Mr. Edward E. Reid, Vice-President and Managing-Director of the London Life Insurance Company, was willing to accept appointment as a Director to fill the vacancy on the Board.

I have great pleasure in seconding the adoption of the Report.

The report was adopted unanimously. Scrutineers were then appointed, and the election of directors proceeded with. Messrs. A. McPherson, T. H. Main, A. T. Little, J. McClary Gunn, O. Roy Moore and E. E. Reid were re-elected for the ensuing year.

Upon motion by J. Edgar Jeffery, seconded by Thos. F. Walker, Messrs. A. G. Calder, F.C.A., and George S. Jewell, C.A., were appointed the auditors of the Company for the ensuing year.

At a meeting of the Board of Directors, held subsequently, Mr. A. McPherson was re-elected president, and Mr. T. H. Main, vice-president of the Company.

The Ontario Loan and Debenture Company

DIRECTORS' REPORT AND FINANCIAL STATEMENT

AS AT 31st DECEMBER, 1932

London, Canada, 21st January, 1933.

To the Shareholders:—

Your Directors have pleasure in presenting their report for the year 1932, accompanied by the Balance Sheet and the Auditors' Certificate.

It is satisfactory to your Directors that in a year of economic stress the volume of the Company's business has been well maintained.

The Company's usual strong liquid position has been more than maintained. The total of the Cash in Banks and the holdings of Bonds of or guaranteed by the Dominion and the Provinces of Canada exceeds the total of Savings Deposits without taking into consideration other liquid securities held as shown in the Balance Sheet.

After payment of Provincial and Municipal Taxes, Interest, Expenses and charges, and after making what is considered ample provision for possible losses and contingencies, the

Net earnings for the year 1932 are		$292,811.12
Balance brought forward from previous year		73,543.15
From this Total available		$366,354.27
Dividends (Quarterly) at the rate of 12% per annum have been paid		240,000.00
		$126,354.27
Dominion Government Income War Tax:		
The increase not imposed until May, 1932, but made retroactive to profits of 1931, has been paid	$ 4,629.03	
Provision for 1932 Tax accrued but not due	25,425.61	
		30,054.64
		$96,299.63
Written off the cost ($49,679.76) of Safety Deposit Vault and other alterations and improvements to Office Premises in 1932		19,679.76
Balance carried forward		$ 76,619.87

The high quality of the Company's mortgage loans, the great bulk of which are secured on individual homes in our cities, has been evidenced by the satisfactory manner in which payments have been made during a year of very difficult economic conditions.

The provisions made in previous years for possible future losses in connection with mortgage loans, especially the farm loans which, however, amount to less than 15% of the Company's mortgages, have been largely augmented in 1932.

Your Directors record with deep regret the death in October last of the late President of the Company, Mr. John G. Richter. He had been a Director since 1919, and President since July, 1931. Mr. Richter was an outstanding investment and financial authority of the most sound type, whose long connection with the Company and keen interest in its affairs was of inestimable value.

The vacancy on the Board was filled by the appointment of Mr. Edward E. Reid, Managing Director of The London Life Insurance Company.

All of which is respectfully submitted.

ARCHIBALD McPHERSON, President.

ASSETS:

Office Premises (freehold)—		
As at 31st December, 1931	$ 90,000.00	
Cost of Safety Deposit Vault and other alterations and improvements in 1932, less amount written off	30,000.00	
		$ 120,000.00
Real Estate held for sale		149,639.03
Mortgages—Principal $11,017,017.69; Interest $281,353.61		11,298,371.30
Loans on Stocks and Bonds		29,441.28
Securities of United Kingdom, Dominion of Canada and Provinces of Canada		722,994.56
Securities Guaranteed by Dominion of Canada and Provinces of Canada		400,841.75
Securities of Canadian Municipalities and School District and Rural Telephone Debentures		483,964.66
Securities of and Deposits with other Loan Companies of Canada		50,503.99
Cash in Chartered Banks in Great Britain	$ 62,128.72	
Cash in Chartered Banks of Canada	337,781.78	
Cash in Office	6,281.20	
		406,191.70
		$13,661,948.27

LIABILITIES:

To the Public:—		
Debentures, Sterling, including accrued interest	$ 572,117.51	
Debentures, Currency, including accrued interest	6,276,359.15	
		$ 6,848,476.66
Deposits		1,437,251.53
Other Liabilities, including provision for Dominion Income Tax accrued but not due		39,600.21
		$ 8,325,328.40
To the Shareholders:—		
Capital (40,000 shares of $50.00 each, fully paid)	$2,000,000.00	
Reserve Fund	3,200,000.00	
Quarterly Dividend payable 3rd January, 1933	60,000.00	
Profit and Loss Account, Balance carried forward	76,619.87	
		5,336,619.87
		$13,661,948.27

ARCHIBALD McPHERSON, President. THOMAS H. MAIN, Manager.

To The Shareholders of The Ontario Loan and Debenture Company:—

We hereby certify that we have audited the books and accounts of The Ontario Loan and Debenture Company continuously throughout the year ended 31st December, 1932, and find the above statements in accordance therewith. We have verified the Cash and Bank Balances, and have examined the Company's securities and find them in order. All our requirements as Auditors have been complied with, and, in our independent opinion and according to the information and explanations given us, the above statements are properly drawn up so as to set forth fairly and truly the state of the Company's affairs.

All transactions that have come within our notice have, we believe, been within the powers of the Company.

A. G. CALDER, F.C.A.
GEO. S. JEWELL
Auditors.

London, Ontario, 21st January, 1933.

SECOND SECTION

THE FINANCIAL POST

SECOND SECTION

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BELL TELEPHONE PROFITS IN 1932 $6.16 PER SHARE

Heavy Loss is Recorded in Number of Stations

A. T. AND T. LOAN UP

Toll and Miscellaneous Revenue Account for Major Share of Decline

From Our Own Correspondent

MONTREAL. — Bell Telephone Co. of Canada's report for 1932 shows earnings of $6.16 a share on the capital stock compared with dividend payments of $7.25 a share and with earnings of $7.56 a share in 1931.

The past 12 months were difficult ones for the Bell Telephone Co. For the second time in history the company has had to report a loss in stations installed the number in 1932 being 61,765 as against a loss of 10,063 in 1931.

Toll Revenue Drops

In addition to the station loss the company was faced with a sharp decline in toll revenue, while income from investments, especially its holdings in Northern Electric Co., was sharply curtailed.

In analyzing income, the company reports that in comparison with 1931 exchange revenue in 1932 was 4.1 per cent; long distance revenue declined 18.1 per cent, miscellaneous revenues and revenue from outside investments fell away 25.4, while aggregate income for the year declined 8.5 per cent.

Substantial economies were effected in telephone operating expenses, the savings more than offsetting the loss in operating revenues, but insufficient to counterbalance the decline in income from all sources.

Deficit After Charges

Particulars of the income account follow:

	1932	1931
	$	$
Operating revenue	38,071,800	40,926,162
Less: Oper. expenses	11,615,896	13,426,378
Maintenance	11,615,896	13,426,378
Deprecation	8,252,899	9,148,978
Net revenue	11,394,234	11,083,914
Less: Uncollect. rev.	329,821	263,529
Taxes	2,190,200	1,991,800
Operating income	8,874,213	8,828,585
Add: Net non-oper. income	783,546	1,535,015
Gross income	9,657,759	10,363,600
Less: Rent, etc.	441,488	419,844
Bond interest	3,375,000	3,375,000
Other interest	1,030,774	707,217
Debt. discount	69,557	69,557
Net income	4,740,940	5,791,982
Less: Dividends	5,577,809	6,089,838
Balance	*836,868	*297,856
Prev. surplus	5,568,523	6,090,806
Less: Misc. deduct.	57,148	24,427
Surplus approp.	300,000	200,000
Balance forward	4,874,507	5,568,523

*Deficit.

WORKING CAPITAL

	1932	1931
	$	$
Current assets	8,435,861	7,165,976
Current liabs.	4,566,207	6,014,197
	3,869,654	1,151,779

Assets of the Bell Telephone showed a moderate increase last year, amounting to $217,340,210 at the end of 1932 as compared with $215,257,602 on the corresponding date a year previous.

Loan From A. T. and T.

Feature of the liabilities is an increase in borrowings from American Telegraph and Telephone Co., which stood at $12,245,000 at the end of 1932 compared with $9,075,000 at the close of 1931. These borrowings are to be repaid in United States funds and a reserve of $500,000 has been set up on the books to take care of the possible payment of premiums when the loans are liquidated.

Capital Shows Increase

There is an increase in outstanding capital stock from $76,619,300 to $77,007,700, while the funded debt remains unchanged at $67,500,000. Notes of the company sold to the Trustee of the Pension Fund for employees have increased from $3,880,541 to $4,367,834.

Moderate changes of no particular importance are noted among other items classed among liabilities.

On the asset side of the balance sheet, fixed capital records a slight increase. Investment securities remain much the same at $14,066,968. Principal of the changes among current assets is an increase in bills receivable from $796,443 to $1,685,930. This would indicate an increase in loans to controlled companies. No particulars are given in the report.

Survey of Operations

In his remarks to the shareholders covering the year's operations, C. F. Sise, president, had the following to say in part:

"There has been a marked decrease in the demand for exchange service; 183,938 telephones were connected and 245,703 disconnected, a net loss of 61,765 as compared with a loss of 10,063 in 1931, which was the first year in the company's history to show a recession due to decreasing business.

"There were 712,968 telephones in service at the end of 1932, distributed as follows: Business, 244,710; Residence, 468,258.

"Included in this total were 72,213 extension telephones.

"Other telephone systems in Ontario and Quebec with which we interchange service now number 848, serving 143,780 telephones, a decrease of 8,947 from 1931. These co-operative agreements extend the area of inter-communication without duplication of plant or investment.

Details of Revenue

"Exchange revenue for the year was $29,030,385, as compared with $30,258,928 in 1931, a decrease of $1,228,543, or 4.1 per cent.

"Long distance revenue was $8,069,725, as compared with $9,849,261 in 1931, a decrease of $1,779,536, or 18.1 per cent.

"Miscellaneous revenues and revenue from outside investments were $1,755,236, a decrease of 25.4 per cent from the 1931 figure of $2,352,988. This heavy decline is due, in part, to the discontinuance of Northern Electric Company dividend, as well as to a reduction in the rates of dividend of other telephone companies in Canada in which your Company is a shareholder.

"From all sources, the gross revenue of the year was $38,855,346, a decrease of $3,605,831, or 8.5 per cent from the total of 1931.

Savings Are Effected

"While revenue from telephone service alone was less than that of 1931 by $2,854,362, telephone operating expenses were reduced $3,164,682. This reduction resulted from discounts from wages, salaries, and directors' fees, and other economies as well as from a falling off in the work loads.

"Although the decline in telephone revenue had been thus more than offset, interest charges and other uncontrollable expenses increased and non-operating revenue fell off. The result is that the net income available for dividend is $4,740,941 or $6.16 per share of average outstanding capital stock. A dividend of $2.00 per share was paid for the first quarter of the year, subsequent dividends were $1.75 per share—or $7.25 per share for the year. The total dividend payment being $5,577,809, surplus has been drawn upon for $836,868.

"Capital expenditures were limited to imperative extensions and improvements and so far as possible to undertakings which would result in reduced operating expenses. Because of the employment situation, preference was given to projects in which labor would be the principal item, and the conversion of exchanges from manual to dial proceeded more slowly.

Borrow in New York

"The policy was continued of borrowing New York funds from the American Telephone and Telegraph Company for bond interest and other indebtedness payable in New York funds.

"Whenever the premium on New York funds in Montreal was at a favorable rate, repayments were made.

"Gross additions to the Company's plant in 1932 amounted to $12,658,000.

"Existing plant, the original cost of which was $12,133,000 was retired from service during the year."

Corporation Profits $468,000,000 in 1930

Analysis of Federal Income Tax Returns Reveals Drop of 18.7 Per Cent From 1929—Only One Farmer in 1,100 Farms Pays Income Tax

The fact that only one farmer for every 1,100, farms in Canada paid income tax in the last fiscal year, and that corporation profits in Canada declined approximately 18.7 per cent in 1930 from the high level of $586,000,000 achieved in 1929, are features of an analysis made by The Financial Post of income tax returns received last week from the Department of National Revenue at Ottawa. The returns are grouped according to size of income and according to occupation and reveal figures for both individuals and corporation taxpayers in Canada.

Number of individuals who paid federal income tax for the fiscal year ending March 31, 1932, totalled 133,621 it is found—a decline of 6 per cent from the corresponding figure of the previous year. Total income tax paid by these persons was $24,772,846 or approximately 7 per cent less than a year ago, in spite of an increase in the tax. Corporation taxpayers dropped 21 per cent to 6,010 while their payments declined 17 per cent to $36,971,000.

Personal Corporations Gain

Analyzed by occupations it is found that actual moneys received from personal and family corporations and from those engaged in the "professions" increased during the year while heaviest losses in income tax receipts were sustained (as might be expected) from agrarians.

Combined figures for individual and corporation taxpayers reveal that total income tax moneys from "agrarians" netted the government in the last fiscal year, but $55,467 or less than one-tenth of one per cent of the total income tax revenue of the Dominion in that year. Individual returns show that only 653 farmers in Canada paid income tax which netted the government $36,379. When it is remembered that at the date of the last census there were almost 729,000 farms in Canada it is apparent that only one farmer for every 1,100 farms pays income tax in Canada. The previous years returns showed 2,276 agrarians as paying income tax.

The number of individual and corporation taxpayers in the last two years is shown in the following tables:

No. of Individual Income Taxpayers

	1932	1930-31
Agrarians	653	2,276
Professionals	6,512	7,448
Employees	96,272	99,658
Merchants: Retail	7,314	10,174
Wholesale	987	1,563
Manufacturers	823	947
Natural resources	147	174
Financial	9,718	9,278
Transportation & P. U.	......	......
Personal corps.	568	597
Family corps.	2,626	3,235
All others	8,001	8,251
Unclassified	......	......
Total	133,621	143,601

No. of Corporation Taxpayers

	1931-32	1930-31
Agrarians	39	88
Merchants: Retail	1,044	1,349
Wholesale	640	958
Manufacturers	1,803	2,475
Nat. resources	143	295
Transport & P. U.	312	345
Financial	1,050	1,134
All others	979	959
	6,010	7,603

More Big Incomes

Analyzed according to amount of net income, the largest number of individual taxpayers continues to be found in the grouping "net income under $2,000." Last year there were 37,000 taxpayers in that class against 38,788 a year ago. This figure tapers down to the highest grouping, namely "net income over $50,000" of which there were 614 in Canada in 1931-32 as against only 601 the previous year. This grouping and the next bracket, namely those receiving "net income of $30,000 to $50,000" were the only groups whose numbers increased in the year's returns as compared with the previous year.

The Millionaires

Incidentally figures are often quoted from time to time purporting on the basis of income tax returns, to show the number of millionares in Canada. According to an official of the income tax branch of the Department of National Revenue, "it is not deemed to be in the best interest of the taxpayers of the country" to supply information concerning this group of citizens.

What probably happens is that curious enquirers assume that if a citizen's net income is over $50,000 a year his fortune if capitalized on the basis of 5 per cent interest must be over the $1,000,000 mark. This is of course not necessarily true for in all probability at least half of net income in this group would be derived from salary, directors' fees and so forth which cannot of course be capitalized. It is interesting to note, however that 87 per cent of these wealthy citizens (with net income over $50,000) reside in Ontario and Quebec. There are 16 in the Maritimes; 36 in the prairie provinces and 30 in British Columbia.

The number of individual and corporation taxpayers grouped by amount of net income follows:

Federal Income Taxpayers (Grouped by Amount of Net Income)
(Fiscal Years Ended Mar. 31)

	Individuals			Corporations		
	No. of taxpayers 1931-32	No. of taxpayers 1930-31	Amount of tax paid 1931-32	No. of taxpayers 1931-32	No. of taxpayers 1930-31	Amount of tax paid 1931-32
Under $2,000	37,002	38,788	$162,613	....	....	$........
$2,000 to $3,000	19,595	20,885	291,274	1,123	1,400	54,297
3,000 to 4,000	21,160	22,869	294,739	555	723	91,215
4,000 to 5,000	16,555	17,909	375,629	431	468	122,421
5,000 to 6,000	10,410	11,348	410,920	343	426	145,178
6,000 to 7,000	6,829	7,483	434,007	294	334	147,203
7,000 to 8,000	4,573	4,814	475,306	222	249	135,741
8,000 to 9,000	3,238	3,449	466,442	197	203	143,269
9,000 to 10,000	2,462	2,609	470,925	140	168	112,685
10,000 to 15,000	5,901	6,825	2,203,781	495	654	550,720
15,000 to 20,000	2,405	2,878	1,955,947	354	438	531,830
20,000 to 25,000	1,123	1,314	1,727,028	229	326	496,928
25,000 to 30,000	646	784	1,492,213	176	254	437,202
30,000 to 50,000	1,098	1,045	4,104,603	474	563	1,864,438
Over $50,000	614	601	10,269,892	971	1,393	31,868,113
	133,621	143,601	$24,772,846	6,010	7,603	$42,138,005

Incidentally it is the "millionaire" group of taxpayers who contributed most largely to the income tax coffers in the last fiscal year. Altogether these 614 person contributed nearly $10,300,000 last year or approximately $16,720 each, by way of income tax. Last year the 601 persons in this group paid on the average a slightly higher figure, namely $16,850 each.

Comparative figures according to the amount of net income, follow:

Federal Income Tax Returns by Provinces
(Fiscal Years Ended Mar. 31)

	Individuals			Corporations		
	Number 1931-32	Number 1930-31	Amount 1931-32	Number 1931-32	Number 1930-31	Amount 1931-32
P. E. I.	363	490	$ 29,977	43	54	$ 12,919
N. S.	3,589	3,462	404,088	240	267	442,980
N. B.	2,668	2,822	316,360	190	222	223,008
Que.	29,868	30,211	8,943,473	1,200	1,524	12,027,735
Ont.	60,358	64,713	11,817,593	2,529	3,317	18,913,602
Man.	10,007	10,764	1,037,998	451	625	1,212,949
Sask.	5,479	7,544	259,469	273	305	264,413
Alta.	7,807	8,956	845,733	362	458	1,034,486
B. C.	13,658	14,279	1,621,368	716	827	2,830,895
Yukon	324	360	7,306	6	4	3,053
Total	133,621	143,601	$24,772,846	6,010	7,608	$36,481,554

Corporation Returns

Analysis of the returns of corporation taxpayers also presents some interesting material. These returns covering the fiscal year ending March 31, 1932, apply to income actually earned by Canadian corporations in 1930. In that year corporations paid an 8 per cent tax on all "income" in excess of $2,000. Since some $36,482,000 was paid to the government on this basis, it is apparent that the total taxable profits of Canadian companies in that year were approximately $456,000,000 to which must be added non-taxable income of $12,000,000 making a grand total of $468,000,000. The corresponding figure for 1929 was $576,600,000 indicating a decline in corporation profits in Canada in 1930 of approximately 18.7 per cent. In 1930, approximately 85 per cent of this tax—and presumably a similar ratio of profits—is credited by Ontario and Quebec corporations.

Analysis By Provinces

Analysis of the income tax returns according to provinces is also shown in the table below. This shows the relative distribution of individual and corporation taxpayers in each province both as to number and amount for the last fiscal year and with corresponding figures as to number of taxpayers in the preceding year. The heavy falling off in number of taxpayers in Saskatchewan is a feature of the returns while comparative stability particularly in New Brunswick — is shown in the Maritime returns.

PLANT ACTIVITY OF DOM. TEXTILE STILL LAGGING

Hope for Improvement in Last Quarter Fading

From Our Own Correspondent

MONTREAL.—Operations of Dominion Textile Co. continue at levels below this time last year; mills are working at about 63 per cent of capacity. Possibly the greatest factor in the decline from 1932 is that a year ago the print works were extremely busy, which tended to offset the drop in industrial output. This year, however, there has not been the same volume of work at the print mills and industrial business has shown no improvement.

Buyers are restricting purchases to the narrowest margin and appear to have less confidence than they had last year. Observers feel that their continued holding off must find reflection in the placing of additional orders in April and May, but this situation will not help Dominion Textile Co. in its fiscal year which ends March 31.

Tire fabric business at the company's mills has tended to slacken off after a brief spurt in January, but this division is better occupied than it was in the last few months of 1932. Demand for tire fabrics has naturally been affected by the low rate of auto production.

Lower Earnings Likely

With activity on a lessened scale during the last quarter of its current fiscal year, outlook for an improvement in earnings of Dominion Textile Co. are fading. Cotton prices took an upward turn last summer but quickly relapsed to former levels and selling prices for cotton goods have been kept at low figures. One factor which lends some encouragement to the situation is that raw cotton today approximates prices at the close of the company's last fiscal year. In that period Dominion Textile closed its books with cotton at 6.10 cents compared with 10.70 cents at the beginning of the year.

In the 12 months ended March 31, 1932, earnings were equal to $4.44 a share compared with dividends of $5. A deficit of $152,286 after all dividends reduced surplus to $7,363,266. Shares are currently quoted around 47 at which price they yield 10.6 per cent.

Elected Director

HAROLD W. SOPER

Montreal, who was elected to the board of directors of Ottawa Traction Co. at the annual meeting held in Ottawa.

BUSINESS QUIET THROUGH CANADA

Western Retailers Particularly Hard Hit by Lack of Cash Sales

Weekly trade report of Canadian Credit Men's Trust Association, for the week ending February 11, 1933, is as follows:—

Halifax. — Very little change reported in wholesale and retail trade since previous week. Business generally, while not large in volume, continues fairly satisfactory for the season of the year. Collections slow.

Saint John. — Wholesalers report trade for the week continues somewhat under normal in all lines. Retail trade generally reported just fair. Collections poor.

Montreal.—Wholesalers report groceries continue in fair demand; clothing fair to quiet, with a slight improvement over previous week in dry goods; boots and shoes fair only; hardware quiet. Both city and country retail merchants report trade for the week as dull. Collections both wholesale and retail, poor.

Toronto. — Very little change reported in conditions since last report. Business in general continues very quiet and volume of trade very limited. Travellers in all trades in agreement on this point. Collections slow.

Winnipeg.—Manufacturers report a quiet week. Wholesalers report groceries continue in fair demand; all other lines very quiet. Retail trade for the week reported as only fairly satisfactory, the very severe weather affecting business considerably. Collections continue fair to slow.

Regina.—Wholesale grocers report city sales good. Country sales show a slight falling off. Dry goods fair to slow. Hardware fair. Retail trade for both city and country quiet, the very severe weather having a drastic effect on trade. Collections—wholesale, slow except on current accounts; retail, city fair to slow, country practically nil.

Moose Jaw.—Wholesale and retail groceries reported fair; wholesale boots and shoes quiet; wholesale and retail hardware very quiet. Retail trade generally continues quiet. Collections fair.

Saskatoon. — Wholesalers report groceries continue in fair demand; boots and shoes quiet; dry goods line still remains quiet, with no immediate prospect of improvement. Hardware, and oils and greases, fair only. Retail city trade remains quiet. Collections very slow.

Calgary.—Wholesale and retail grocery sales holding up fairly well; all other lines showing no signs of improvement, with volume extremely difficult to obtain.

Edmonton. — The recent extremely cold weather has adversely affected both wholesale and retail trade and business generally reported very dull. Current collections fair with very little being paid off on old outstandings.

Vancouver.—Very little of an important nature reported in trade conditions over previous week. Some lines show a slight advance in sales, majority reported as just holding their own. Collections fair to slow.

Bradstreet's

Bradstreet's report on other cities as follows:

Quebec—Business generally continues rather dull in both wholesale and retail. In the latter, special bargain sales are being increasingly resorted to. There has been some increase in failures following annual inventories, which demonstrated the poorness of the previous year's results.

Hamilton—Here as elsewhere business at retail stores remains quiet. There has been some business passing as a result of the special sales which retailers have on. Demand at wholesale is affected accordingly.

London—Retail trade here continues to show much the same conditions as in the previous week. There has been no great demand for clothing or heavy weather which has been experienced during most of the winter although the last few days the colder spell has brought about a heavier demand for winter lines. Demand at wholesale remains quiet.

Windsor—Little change in business has been noted here during the past week. There is a somewhat better feeling, however, due to a more courageous view being taken of the industrial outlook while at the same time the drastic action taken by the city council in regard to the budget and the slashes which have been made in proposed expenditures and the reduction in the tax rate are all regarded as constructive measures.

MARITIME 'PHONE EARNINGS DECLINE FURTHER FOR 1932

Lower Dividend Rate is Being Considered by Directors

From Our Own Correspondent

MONTREAL.—Adverse business conditions in its territory are reflected in Maritime Telegraph and Telephone Co.'s report for 1932, which shows the lowest net earnings available for dividends in several years, deficit after charges, loss in stations installed, increase in working capital deficits and intimates the possibility of a reduction in dividends.

An analysis of revenue shows that income from exchange service only became serious in the latter months of the year, but long distance service recorded declining revenues from the beginning of the year. Stringent economies were put into being, but the savings effected were not sufficient to offset the loss in gross revenue.

Bond Financing Withheld

The working capital position of the company has also received the consideration of the management. The excess of current liabilities over current assets has tended to grow and in the last half of the year an issue of $500,000 of treasury bonds was approved by the Nova Scotia Utility Board. It was proposed to apply the proceeds of this issue to the liquidation of the company's borrowings from the banks, but to date it has not been possible to market these bonds at a satisfactory price.

Share Earnings Drop

Gross income during the year amounted to $1,759,809, down from $1,863,444 in the previous year. After taking care of prior charges there was a surplus of $196,668 available for dividends, the payment of which created a deficit of $195,242. In 1931 the deficit after dividends was $69,961, as shown in the following table.

Earnings on the company's common stock were equivalent to 2.27 per cent compared with 4.09 per cent in the previous year. On a share basis, last year's income equalled 23 cents a share as against 41 cents in 1931.

	1932	1931
	$	$
Operating revenue	1,759,809	1,863,444
Less:		
Oper. expenses	578,730	648,494
Maintenance	275,932	304,652
Depreciation	357,648	325,222
Uncoll. rev.	11,808	5,251
Taxes	150,111	183,191
Net revenue	385,585	446,634
Add: Non-oper. inc.	3,094	10,237
Gross income	388,679	456,871
Less:		
Bond interest	140,000	140,000
Other interest	41,421	54,489
Rent, etc.	10,590	11,973
Net income	196,668	250,409
Less:		
Pfd. divids.	105,000	105,000
Common divids.	286,911	215,370
Balance	*195,242	*69,961
Brought forward	191,284	250,854
Add: Trans. cont. res.	115,000	......
Trans. cas. res.	......	80,000
Less: Adjust.	......	20,609
Disct. on secs.	10,456	......
Misc. deduct.	6,687	......
Carried forward	93,899	191,284

*Deficit.

Working Capital

	1932	1931
	$	$
Curr. assets	921,615	700,872
Curr. liabilities	339,284	378,293
	*582,331	*322,579

*Excess of current liabilities over current assets.

Balance Sheet Weakens

No improvement is apparent in the balance sheet, which at December 31 last showed assets of $10,814,259 as against $10,775,318 at the close of 1931. Fixed assets show a moderate advance at $9,917,835. There is no marked change in working assets or deferred debit items.

Among liabilities funded debt and preferred stock issued remain unchanged. The amount of common stock outstanding has increased from $3,553,960 to $3,595,760. Current liabilities have moved up, loans from the Canadian Bank of Commerce being on the books at $372,739.

Had it not been for the transfer of $115,000 from contingent reserves, the profit and loss account balance would have been translated into a deficit of more than $3,000, but with the inclusion of this amount and deductions of about $17,000, the surplus amounts to $93,898.

Comments on Situation

Following are the remarks to the shareholders by O. E. Smith, president, in part:

"The number of telephones in service at the end of the year was 39,040, we having sustained a loss of 1,795 stations, or 4.4 per cent. This loss seems to be much less than that suffered by similar companies, both in Canada and the United States.

"The loss in gross revenue, as compared with the previous year, was $110,634 or 5.6 per cent.

"To offset this severe loss in gross revenue every economy possible, without sacrificing the quality of the service rendered to the public or permitting the property of your Company to become run down, was carried into effect.

Question of Dividends

"Unless general business conditions should materially improve in the near future, these various savings will not be sufficient to enable us to balance our revenue and expenditures. Therefore your directors will give careful consideration to the question of a reduction in dividends until improved conditions are apparent.

"In the latter part of the year an issue of $500,000 of Treasury Bonds was approved by the Nova Scotia Board of Commissioners of Public Utilities, the proceeds of which it was intended to apply to the liquidation of your Company's borrowings from its bankers. So far, it has not been possible to market these bonds at a satisfactory price, but it is hoped that during the coming months a suitable opportunity will present itself."

Economic History Repeats Itself

Wisdom and Fallacy Down the Ages

"TECHNOCRACY" IN 1819

"Seeing the sufferings caused by readjustments of industries after the Peace, and the warehouses filled with unsold goods, Sismondi thought the excess of production over the power of consumption was permanent, and attacked division of labor, labor-saving machinery and competition. Discoveries which would supersede labor, he feared would continue, and the abolition of patents, together with the limitation of population, was urged. These arguments furnished excellent weapons to Socialistic agitators."

—Views of Sismondi, noted Swiss economist, in 1819, quoted in Laughlin's "History of Political Economy."

CRASH OF THE '70'S

"One day America was joyous with riches, and then, without the slightest warning, came the crash, and the nation was a heap of financial ruins. Bank after bank put up its shutters, and despairing queues before their entrances became the commonest sights in American cities. Railroad after railroad confessed bankruptcy. One factory after another dismissed its workers, frequently with unpaid wages.

"The stocks and bonds which had ascended to dizzy heights in the early months of 1873 now fell to depths which beggared millions. The New York Stock Exchange suspended operations for a week. Money passed out of circulation, those fortunate enough to possess a little feverishly hoarding it.

"Since the rich could not collect the interest on their investments, they could not pay their bills, while the sufferings of the poor proved an unprecedented tax upon public and private philanthropy. The busiest citizens were sheriffs, levying on property, and auctioneers, sacrificing equities for any prices they would bring."

—From Burton E. Hendrick's "Life of Andrew Carnegie."

HOW BABYLON DID IT

"If any one owe a debt for a loan, and a storm prostrates the grain, or the harvest fail, or the grain does not grow for lack of water; in that year he need not give his creditor any grain, he washes his debt tablet in water (a symbolic action indicating the inability to pay) and pays no rent for this year."

—From the statutes of Hammurabi, in the Babylonian code of laws, 2250 B. C.

* * *

The quotation from Sismondi is from the collection of H. G. L. Strange, Winnipeg. Mrs. H. O. Powell, of Regina, calls attention to Hammurabi's law.

BROCKVILLE TRUST ASSETS INCREASED, SHARES EARN $4.26

Deposits Show Decrease; Dividend Rate of 7 p.c. is Maintained

Net profit of Brockville Trust & Savings Co. in 1932 is reported at $47,680 as compared with $49,369 in 1931 and after a deduction of $5,068 for government and business taxes the company earned $4.26 per share on 10,000 shares of 50 par value paid-up stock as against $4.48 in 1931. Dividends were continued at the rate of 7 per cent and $7,500 was transferred to investment reserve bringing this fund up to $36,825 Estates, trusts and agencies account was increased to $339,413 from $98,601 while guaranteed trust account is down to $720,002 from $790,680.

The statement shows deposits down to $524,266 from $573,874 and investment certificates down to $192,900 from $213,500. Assets in guaranteed trust account include mortgage loans of $630,944, a decrease from the $713,859 shown in 1931, while municipal and school debentures are up to $65,338 from $55,351 and cash is up to $12,474 from $7.177.

Cash is Higher

In capital account assets are but slightly lower at $789,464. Mortgage loans have been reduced to $599,356 from $618,938 but interest due and accrued is up to $18,523 from $14,054; agreements of sale are up to $38,239 from $30,846, and real estate held for sale to $75,748 from $60,052. Loans on the company's own stock and debentures are down to $14,643 from $21,831 in 1931. Municipal and school debentures at $24,655 show slight decrease and cash is up to $14,084 from $7,727. Furniture and fixtures are slightly lower at $2,913. There has been no change in capital stock outstanding and reserve fund remains at $235,000. The earnings and dividend record of the company since 1928 has been as follows:

Earnings Record

Year	Paid-up Capital	†Net Profits	Div. Rate	*Rate Earned per sh.
	$	$	$	$
1928	462,019	41,039	3.50	4.44
1929	500,000	44,096	3.50	4.41
1930	500,000	48,015	3.50	4.80
1931	500,000	44,778	3.50	4.48
1932	500,000	42.611	3.50	4.26

†After deducting interest, expenses, charges and government and business taxes.
*On paid-up capital. Par $50.

AMAL. ELECTRIC MAKES CHANGES IN STRUCTURE

Transfers Assets to Subsidiaries — Report is Consolidated

From Our Own Correspondent

MONTREAL.—To effect further economy in operation, Amalgamated Electric Corp. made some internal changes in its capital structure during 1932 by establishing subsidiary companies and transferring assets to them. The company, however, retained the entire capital structure of these subsidiaries and the only visible effect of the change is that the recently published report is a consolidated statement.

The consolidated statement for 1932 shows a net loss of $67,398 compared with a profit of $12,816 in the previous year, before depreciation and provision for adjustment of inventories. After writing off these items on a scale similar to 1931 there was a net loss of $177,340 compared with $94,737 in 1931. No dividends have been paid for the last two years and deficit was increased to $259,053. Balance sheet shows lower working capital but ratio of current assets to current liabilities is 30 to 1.

Profit And Loss

Following is a comparison of profit and loss for the past two years:

	1932	1931
	$	$
Net earn.†	67,398	12,816
Deprec.	46,853	45,797
Balance	*114,251	*29,981
Adjust.	‡63,088	‡64,755
Balance	*177,340	*94,737
Inc. tax	......	......
Balance	*177,340	*94,737
Pfd. div.	......	......
Surplus	*177,340	*94,737
Prev. bal.	*81,713	13,024
P. & L. bal.	*259,053	*81,712

†Net loss for year.
‡Inventory adjustment.
*Debit balance.

WORKING CAPITAL

	1932	1931
	$	$
Current assets	501,650	680,945
Current liabs.	16,362	78,961
Working capital	485,288	601,984

Cash Is Higher

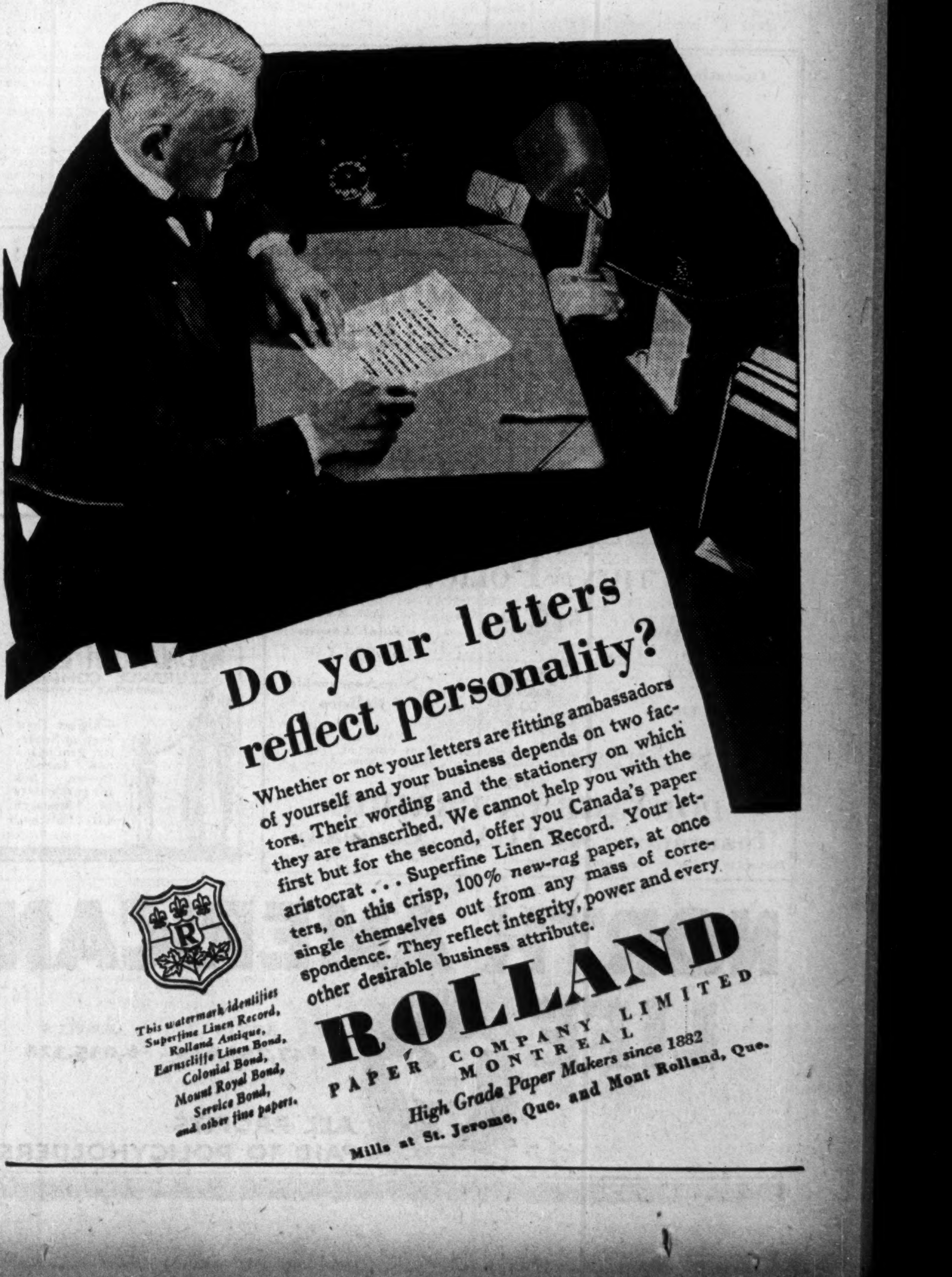
Balance sheet shows cash and funds out on call at $207,931, an increase of $86,000, accounts receivable down $54,000 at $40,194 and inventories, less reserve, at $253,182 against $462,934. Investments having a market value of $49,462 are carried at $50,248 compared with $75,286 in 1931 and fixed assets, less depreciation, are lower by $43,000 at $677,415. Goodwill and patents are unchanged at $1.

In liabilities the change in structure is reflected in appearance of capital surplus of subsidiary at $2,229. Accounts payable are down $32,000 at $16,362 and bank loans of $30,000 previously outstanding have been eliminated. Capital structure is unchanged; common stock, less deficit of $259,053, is carried out at $65,508 compared with $242,848 at the end of 1931. The current report contains a contingent liability of $43,182 for value of goods sold subject to repurchase.

Fraser Companies Fill Vacancies on Directorate

From Our Own Correspondent

MONTREAL. — Five vacancies on the board of directors of Fraser Companies have been filled with the election of Hon. C. A. Dunning, Ottawa; A. H. Campbell, Montreal; A. M. Irvine, Montreal; E. G. Long, Toronto and F. C. Beatteay, Saint John.



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Insurance for Buyer and Seller

NEW BUSINESS SUN OF CANADA WAS $284,000,000

Total Insurance in Force at End of Year $2,928,900,000

REVENUE DECLINES

But Every Obligation of Difficult Year Met From Current Income

New business paid for by Sun Life Assurance Co. of Canada in 1932 totalled $284,098,000 while business in force at the end of the year amounted to $2,928,952,000 according to figures submitted at the company's 62nd annual report in Montreal this week. Corresponding figures for 1931 show new business paid for as $527,939,000 and business in force at $3,052,000,000.

Reasons for the sharp drop in new business, according to Arthur B. Wood, vice-president and managing director, are found in the unusual decline in production in some foreign countries where the company operates and where, due to the political situation, local economic conditions or both, the company has deemed it advisable to restrict new underwritings for the time being. Group business is also reported as sharply lower as a result of general business conditions. Last year the company paid for over $54,000,000 of business on the group plan. No comparable figures are available for 1932.

40 Per Cent From Policyholders

Of total new business paid for in Canada approximately 40 per cent came from the company's old policyholders. In the field of annuities 2,130 contracts were placed which netted a total income of $8,140,000. This compares with $23,700,000 a year ago.

Analysis of income in 1932 reveals total income as lower by $36,000,000. Income from renewal premiums topped the $100,000,000 mark being the highest in the company's history. New premium income was lower at $10,116,000 as against $18,832,000 the previous year. Monies received by way of interest, dividends and rents (net) totalled something over $24,000,000 as compared with $28,800,000 the year previous. Income from dividends and policy proceeds left with the company were substantially higher at $13,000,000 against $7,700,000 in 1931.

Income Exceeds Disbursements

In spite of heavy demands on the part of policyholders for policy loans and surrender values, the company was able to report an actual excess of income over disbursements of $13,381,000. Although lower than the corresponding figure of a year ago, this provided a margin "amply sufficient to enable the company to meet from current income every obligation as it arose."

Analysis of the company's assets and liabilities shows few changes of great importance. Valuations used in all cases are those provided for by the Dominion Superintendent of Insurance and an almost similar valuation is arrived at by using the method prescribed by the insurance commissioners of the United States. These valuations which are an attempt to appraise insurance company securities on the basis of "average values," show the company's holdings of common stocks at $292,450,000—a variation of just over $1,000,000 from the corresponding valuation basis of 1931.

Values of bonds are lower by $17,000,000 at $103,000,000 according to the report, while preferred stocks held are shown at $19,600,000 as compared with $32,375,000 a year ago. Policy loans increased during the year by $12,000,000 to $99,500,000, while total assets are slightly lower than in 1931 at $611,436,000. Provision for depreciation in security value according to Mr. Wood, has been made largely from surplus previously accumulated.

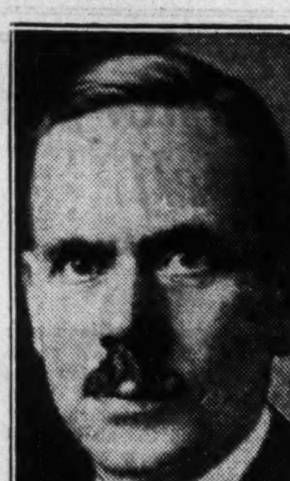
Among liabilities, reserves for protection of policyholders show an increase to $515,231,000 while free surplus, exclusive of capital stock and shareholders account is lower at $6,000,000 as against $16,000,000 at the end of 1931. According to the basis of valuation and statement of accounts as prescribed by the United States Commissioners, free surplus is slightly lower at $5,115,500. A reserve for depreciation in mortgages and real estate remains unchanged at $4,781,000.

Mr. Wood pointed out in his report that the valuation of the company's liabilities is substantially more exacting than is required by the insurance act. He also notes that an average interest earning of but 3.2 per cent per annum on the funds provided for this purpose, will suffice to meet every policy obligation as it arises. He stressed the fact that ordinary standards of comparison were of little value at a time like this, and stressed the fact that since 1929, the company had added 205,000 policyholders to its membership while insurance in force had advanced by $480,000,000 and assets by $43,000,000. In the three-year period, he stated, the company had paid out more than $300,000,000 in benefits under its policies.

Comparative figures for the past two years follow:

	1932	1931
New Business		
New Ins. paid for	$284,098,000	$527,939,000
Bus. in Force	2,928,982,000	3,051,077,067
Income and Disbursements		
Premium Inc.	$123,837,346	$152,500,706
Total Net Inc.	161,407,000	197,140,000
Pay. to policyhldrs	108,527,500	93,236,000
Assets and Labilities		
Bonds	$107,861,811	119,233,348
Stocks:		
Preferred	19,598,871	32,374,985
Common	292,450,407	293,695,311
Policy Loans	99,477,959	87,174,773
Mortgages	29,893,740	30,836,685
Real Estate	27,408,156	26,380,636
Total amts.	611,436,000	624,804,455
Policy Reserves	515,231,017	512,701,549
Mtg'ge Res.	4,781,184	4,781,184
Free Surplus	5,997,947	16,345,515

Joins Confederation



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ALL PROFITS PAID TO POLICYHOLDERS

DOMINION LIFE BUSINESS ISSUED WAS $21,631,000

Company Makes Substantial Write-off and Increases Surplus

New business issued of $21,631,000 as compared with $25,000,000 in the previous year was reported by Dominion Life Assurance Co. at its 44th annual meeting in Waterloo last week. Total business in force now stands at $147,721,000 as against $150,300,000 at the end of 1931.

Income was slightly lower at $6,097,000 as compared with $6,519,000 in 1931. Of the 1932 figure, $4,534,000 represented premium income. Surplus of income over disbursements was sufficient to meet all demands for cash payments without sacrificing securities and to provide a margin for investment.

In spite of heavy payments to policyholders totalling $3,373,000 the company was able to provide $558,000 for depreciation and loss of securities, according to Ford S. Kumpf, president and managing director of the company and to increase free surplus by $218,800.

Mortgages 48.5 Per Cent

Analysis of the balance sheet reveals that 24 per cent of total assets are invested in bonds stocks and debentures; first mortgages represent 48.5 per cent of total assets, the majority of these being in city properties which represent 39.8 per cent of total assets. Farm mortgages comprise 8.7 per cent of total assets.

On city mortgages the company reports interest overdue more than six months at only $13,280. As to farm mortgages although in some cases interest payments are two years overdue, "there remains," according to George A. Dobbie, vice-president of the company, "a fair equity over our mortgages in that the loans were made on a basis of about 30 per cent of a conservative valuation." Policy loans comprise about 17 per cent of total assets. Interest yield in 1932 was 5.8 per cent.

Comparative figures for the past two years follow:

	1932	1931
New Business		
New Ins. Issued	$ 21,630,781	$ 25,002,953
Bus. in Force	147,721,500	150,319,791
Income and Expenditure		
Prem. Income	$ 4,533,600	$ 4,734,000
Total Income	6,097,395	6,519,187
Paid to policyholders	3,373,152	3,013,473
Assets and Liabilities		
Bonds, stks. & debs.	$ 6,200,000	$ 5,989,887
Mortgages	13,000,000	12,483,931
Policy Loans	4,500,000	3,801,493
Total Assets	25,850,520	25,470,427
Policy Reserves	21,310,822	20,491,408
Free Surplus	578,451	359,634

HIGHER VOLUME FOR GORE DISTRICT

Galt Mutual Company Also Reports Improved Loss Ratio

Net premiums written of $292.222 and net losses incurred of $169.800 in 1932 are reported by the Gore district Mutual Fire Insurance Co. in its 94th annual report submitted to members at the annual meeting last week. Net premiums written a year ago were $236.000. Net premiums earned in 1932 were $288,617 with a loss ratio on the basis of premiums earned, of 59 per cent as compared with a corresponding figure of 69.9 per cent in 1931.

Underwriting loss during the year was $10,000 but after addition of $95,000 revenues from interest and rents, a sum of $69,000 was carried into surplus account as profit for the year. Further additional items of revenue enabled a net addition to surplus account for the year of over $73,000.

Analysis of assets reveals a total of $1,796,100 of which $1,491,000 is represented by bonds and debentures taken in at book value which is nearly $100,000 less than the values authorized by the provincial superintendent of insurance. Surplus at the end of the year stands at $1,562,148.

Gross amount of premiums collected from members according to J. N. McKendrick, secretary-treasurer of the company, amounted to $362,229 while gross losses paid were $190,639. The company also reports it has no bonds or debentures in default, either as to principal or interest

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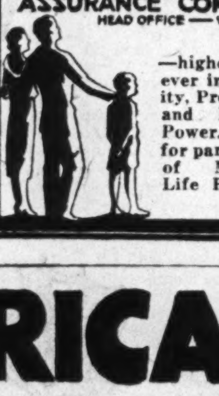

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Don't Say 'Insurance' If You're in Court

Did you know that it is illegal to mention the matter of "insurance" in a lawsuit in which an automobile is involved?

Last week at London, Ont., John Secker, plaintiff in a $7,112 auto accident damage suit mentioned in the witness box that the other car in the case was "insured."

Presto! Justice W. E. Raney dismissed the jury and now the case has had to be re-tried—this time before a judge since the last panel of jurymen on the civil list had been dismissed the previous day.

MUTUAL RELIEF IMPROVES POSITION

Substantial Write-off Made to Bring Security Values in Line

New business placed on the company's books in 1932 of $2,910,570 as compared with a corresponding figure a year ago of $4,210,730 is reported by Mutual Relief Life Insurance Co. of Kingston in its fifty-eighth annual report. Total business in force at the end of the year is shown at just over $20,000,000.

Net premium income was higher than in 1931 while total receipts amounted to $865,200. Payments to policyholders increased to over half a million dollars while operating and head office expenses are lower by over $26,000. Excess of income over disbursements was $98,481.

After making provision for depreciation of market value under book value of bonds in default of $221,241, the company was able to increase its free surplus to $122,000 as against $107,000 the previous year. A further contingency reserve of $20,000 is also shown.

Analysis of assets shows 72 per cent of the total of $4,958,000 invested in bonds; 15 per cent in mortgages and less than six per cent in policy loans.

Comparative figures for the past two years follow:

	1932	1931
	$	$
New Business		
New insur.	2,910,570	4,210,730
Bus. in force	20,095,155	22,321,771
Income and Expenditure		
Net prem. inc.	600,495	592,588
Total income	865,213	872,358
Paid to policyholders	512,868	429,725
Assets and Liabilities		
Bonds and debs.	3,437,110	3,572,481
Mortgages	717,000	754,000
Policy loans	273,821	221,866
Stocks	152,682	156,182
Total assets	4,957,751	5,042,747
Policy reserves	4,694,102	4,807,170
Conting. reserve	20,000	......
Free surplus	121,969	107,355

SOVEREIGN LIFE INCREASES BUSINESS

Volume Higher in 1932—Heavy Write-offs Made on Securities

A gain of approximately $1,000,000 in new business issued and revived in 1932 as compared with the previous year is reported by the Sovereign Life Assurance Co., of Winnipeg, in its annual report for the past year.. Total business in force was about a million dollars less than at the end of 1931, at $26,025,000.

Total income was maintained at within $45,000 of the 1931 figure while mortality was more favorable being 26 per cent of the expected. Operating expenses increased due to a higher volume of business being written and payments to policyholders increased substantially due in large measure to demands for surrender values which rose to $451,000 during the year. In spite of this, and excluding the writing down of ledger assets, total cash expenditures exceeded receipts so that the heavy demands of the year were met entirely out of cash income.

$320,000 Written Off

The company has taken a conservative attitude in regard to its investments and during the year has written almost $320,000 off the book value of bonds, stocks, mortgages and real estate, in addition to writing off outstanding mortgage interest to the extent of $20,000. Total provision of this nature in the past two years has amounted to over $430,000.

As a result the company's securities are now carried in its books and in the company's balance sheet at a figure $31,400 less than the total authorized values of the federal insurance department. In order to achieve this the company called on its contingency and investment reserve for the sum of something over $150,000. Investment reserve now stands at $127,000 in addition to free surplus of $151,000. Additional security to policyholders is afforded by capital and shareholders funds of $223,000.

Analysis of assets shows the company has 45 per cent of invested assets in mortgages; 27 per cent in bonds and debentures and 23 per cent in policy loans.

Comparative figures for the past two years follow:

	1932	1931
	$	$
New Business		
New insur. issued & revived	4,087,086	†3,000,000
Bus. in force	26,024,850	27,214,700
Income and Disbursements		
Net prem. inc.	772,295	824,785
Int. and rents	272,886	296,582
Total income	1,116,041	1,160,851
Paid to policyhldrs.	789,401	567,219
Assets and Liabilities		
Mortgages	2,446,782	2,538,334
Bonds & debs.*	1,490,406	1,582,327
Policy loans	1,245,294	1,246,367
Total assets	5,978,885	6,250,871
Policy reserves	4,919,591	4,970,971
Invest. reserve	127,000	280,000
Free surplus	151,069	160,010

*Ledger value. †Approximate figure.

SALES CONFERENCE IN TORONTO, FEB. 23

Life Underwriters' Association Has Big Programme for Day

Horace H. Wilson, associate manager of the Equitable Life Assurance Society at New York City will be the first speaker at the one day sales conference to be held on February 23 by the Life Underwriters' Association of Toronto. During the day Mr. Wilson will deliver three addresses on effective selling methods under today's conditions.

"Looking Backward in 1943" is the subject of the address to be given by A. R. Piper, Peterborough supervisor of the London Life Insurance Co., at the congress luncheon at which he is special guest speaker. Other activities during the day include a practical sales demonstration on retirement-income canvass by A. Edgar Wall, C.L.U., and Fred C. Gerred, C.L.U., an address by G. Fay Davies of the Life Insurance Sales Research Bureau, Hartford, Conn., and a sales clinic in which a number of prominent Toronto underwriters will take part.

NORTHERN LIFE NEW BUSINESS AT $4,500,000

Surplus Increased After Provision for Depreciation

An increase in free surplus after provision for depreciation of securities, and maintenance of paid-for business at within 12 per cent of the corresponding figure of 1931 are features of the 36th annual report of Northern Life Assurance Co. issued last week.

New business paid for including revivals and increases was $4,574,000 as compared with $4,939,000 a year ago. Business in force was lower by about $4,400,000 at $48,854,000.

Surplus For Investment

Total income was slightly lower than the previous year due to a drop in premium income. Mortality although somewhat higher than a year ago was reported as still well within expected and operating expenses were reduced. All demands for policy loans and surrender values were met from current income while the company was able also to "accumulate considerable sums for investment," it was reported.

After "substantially writing down security values where intrinsic depreciation has taken place" and after writing off a substantial amount of highly depreciated first mortgages and real estate the company reports an addition of over $50,000 to free surplus. The company securities are shown in the balance sheet at book values but a sum of $132,000 is deducted to provide for excess of book over "approved" values.

Net interest rate after deduction of investment expenses is reported as having increased to 5.73 as compared with 5.58 in the previous year.

Analysis of the company's assets reveals 38.6 per cent of the total is invested in mortgages, of which the bulk are urban mortgages in eastern Canada. Canadian federal, provincial and municipal bonds comprise a further 25 per cent, while policy loans total 14 per cent of the total.

Comparative figures for the past two years follow:

	1932	1931
	$	$
New Business		
New ins. paid for*	4,574,061	4,939,000
Bus. in force	48,854,242	53,195,827
Income		
Net prem. inc.	1,565,963	1,704,193
Int. and rents	458,367	464,968
Total income	2,180,842	2,299,584
Assets and Liabilities		
Mortgages	3,039,207	3,113,046
Bonds & debs.†	2,925,421	2,969,694
Policy loans	1,690,263	1,503,898
Total assets	8,820,622	8,873,317
Policy reserves	7,809,099	7,819,240
Free surplus	57,572	6,103

*Including revivals and increases.
†Book values.

PERTH MUTUAL CUTS LOSSES IN '32

Premium Income Lower But Earned Loss Ratio Improves

Net premiums written of $196,250 and net losses incurred of $139,762 are reported for 1932 by the Perth Mutual Fire Insurance Co. of Stratford. in its 69th annual report. Net premiums written a year ago were slightly higher at $203.400.

Net premiums earned in 1932 were $213,722 giving a loss ratio on an earned basis of 65 per cent as against a corresponding figure for the previous year of 80.5 per cent..

Underwriting loss for the year is shown at $22,300 while net profit after including income from rents, interest and so forth, was $40,200. Surplus at the end of the year stands at $1,103,700 as compared with $1,093,000 at the end of 1931.

Total assets amount to $1,303,700 of which $1,145,541 is in high grade bonds and debentures taken in at book value which is $7,900 less than the authorized values supplied by the superintendent of insurance.

A. E. Dodds is manager of the company and G. G. McPherson, president.

Insurance Inklings

A. H. CHIPMAN, for fifteen years superintendent in the Maritimes for the Ocean Insurance Co., was the recipient of presentations on the occasion of his recent retirement from the company under the age limit.

S. J. FOOTE, K.C., for many years Newfoundland manager of the Manufacturers Life Insurance Co. has retired, **A. C. BALDWIN**, formerly inspector in the territory, has been appointed manager and **F. R. BURKE** has been appointed inspector.

A. H. SEIBERT has been elected president of the Kitchener-Waterloo Fire and Casualty Agents' Association.

FRANK A. ROLPH, president of the Imperial Bank, and **A. J. MITCHELL**, president of A. J. Mitchell & Co., Limited, have been elected vice-presidents of North American Life Assurance Co.

Creditable Showing in 1932 for General Accident Assur.

General Accident Assurance Co. of Canada's underwriting profit of $18,373 in 1932 is considerably enhanced by the addition of $93,660 make up from net rentals, income from investments, etc. Total profit of $112,033 for 1932 compared with $150,729 recorded in 1931.

Net automobile premiums written amounted to $350,000 and the loss ratio on this branch was 35 per cent on a written basis, an improved showing over the previous year when the percentage was 53. Total claims ratio for 1932 was also slightly better than in the previous year, the comparative figures on a written basis being 43.51 per cent and 44.22 per cent.

Border Cities Industrial Status

A review of industrial activity in the Border Cities area of Ontario, during 1932, as made public by the Border Chamber of Commerce, Windsor, shows that 28 firms came to the area during the year and are at present employing approximately 400 persons. Of the new firms, 21 were entirely new enterprises, and seven were established in co-operation with existing industries.

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Flying Clubs May Get Grant Again In 1933

By Staff Editor

OTTAWA, ONT.—Flying clubs throughout Canada will probably receive a renewal of their subsidy from the Dominion Government when the present agreement to this effect expires April 1, The Financial Post is informed by reliable authorities.

This extension of the subsidy, it is understood, will be for one year only, and may be discussed by the Government and passed upon at an early date.

The present grants from the Dominion Government include a subsidy to the flying club for each new pilot qualified, and also a gift of an aeroplane for each machine purchased by a club. It is thought by observers here that the new agreement may be essentially similar to the former plan, and that little opposition to the subsidy is likely to develop from Government members.

The basis for the subsidy is supposed to be that although, through its own air force and possible establishment of an air force militia, the Government trains its own pilots, the flying clubs are said to be necessary to do elementary training.

MONTREAL LOAN EARNS DIVIDENDS AND PAYS BONUS

Profits Show Reduction, But All Payments Covered

From Our Own Correspondent

MONTREAL.—Profits of Montreal Loan and Mortgage Co. in 1932, after deducting interest on borrowed capital, management expense, Dominion and provincial income taxes and other taxes, and after making provision for contingencies, were $79,640 compared with $88,109 in the previous year.

Profits were equal to $13.27 a share on the capital stock, compared with $14.68 a share in the previous year. Regular dividends at the rate of 12 per cent and a bonus of 1 per cent were paid, totalling $78,000, and $1,640 were added to surplus.

Following are details of profit and loss for the past two years:

	1932	1931
	$	$
*Profits	79,640	88,109
Divids.	78,000	78,000
Surplus	1,640	10,109
Prev. surp.	45,737	35,628
P. & L. Bal.	47,377	45,737

*After deducting interest on borrowed capital, expenses of management, together with Dominion Income tax, provincial income tax, and other taxes, and making provision for contingencies.

Balance sheet shows assets slightly higher at $2,140,543 compared with $2,127,909 at the end of 1931. Mortgages on real estate are higher by $9,000 at $2,127,515, real estate is up $5,900 at $8,900 and cash is lower by $2,000 at $4,128.

In liabilities capital stock of $600,000 and reserve fund of $900,000 is unchanged. Liabilities to the public include deposits at $195,348 up $6,000 and sterling debentures unchanged at $48,666. Currency debentures show an increase of $2,000 at $304,400.

Commercial Finance Earnings Are Poor

Net income of $1,534 is reported for Commercial Finance Corp. in 1932 and after provision for reserve of $20,000 for depreciation of notes receivable and mortgages the company had a deficit of $18,466 further increased by $428 after deducting minority interest in Standard Agency Ltd., a subsidiary. Deficiency of working capital is shown with current assets at $3,070 and current liabilities at $62,759. Included in current liabilities are notes payable bankers amounting to $57,000.

Among non-current assets are shown notes receivable from customers of $63,791 which are past due; marketable stocks and bonds at cost of $126,476 which have a market value of $43,558; oil royalty stocks at cost of $50,000 and mortgages receivable at $203,779. Of the mortgages receivable $153,829 is past due while interest past due is $9,272. Real estate, improved, is shown at $95,449.

In non-current liabilities are mortgages payable of $59,110 of which $1,190 is past due; secured loan payable $25,005. Reserve available for depreciation of notes receivable and mortgages is $35,000. Minority interest in capital stock and surplus of Standard Agency Ltd. is $679. There is outstanding $3,181 shares of $100 par value preferred stock on which $309,460 has been paid and 6,000 shares of no par value common.

Weak Compensation Act Disadvantage to Quebec

Quebec stands in a disadvantageous position in comparison with Ontario in the matter of industrial competition because of the clause in the Workmen's Compensation Act which provides that the injured workman may select his own physician, Premier Taschereau stated recently.

"It cannot be denied that industry is called upon to pay more than in the Province of Ontario for workmen's compensation," the Premier said, "and taking that for admitted, it is evident that Quebec industry is in an inferior position in comparison with Ontario. This is due in large part, in enormously large part, to the selection of the physician by the injured workman."

Mr. Taschereau suggested that the workman would be the first one to suffer through industry being drawn to Ontario instead of Quebec and the way to place Quebec on a par with Ontario would be to accept the Ontario Act.

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Metropolitan Life Insurance Company, Ottawa, Ont. Dept. 2-F-33

Please send me your free booklet, "Three Meals a Day."

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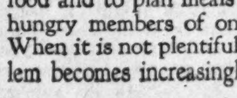
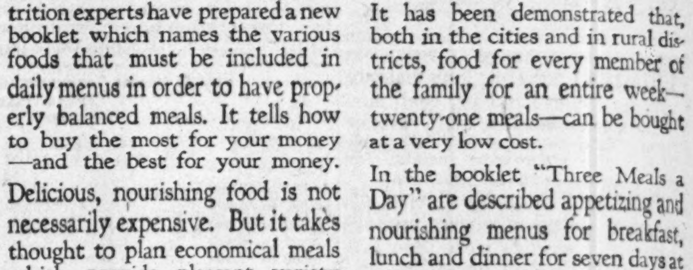


Three Meals a Day

METROPOLITAN LIFE INSURANCE COMPANY
Frederick H. Ecker, President
CANADIAN HEAD OFFICE · · · OTTAWA



SERVING CANADA SINCE 1872

Ontario Equitable Ins. Co. Issued Business Off 50 p. c.

According to figures apearing in its annual report, policies issued and revived by the Ontario Equitable Life and Accident Insurance Co. in 1932 were only for one-half of the amount recorded in 1931. In all, 1,184 policies were issued or revived for an amount of $3,551,782 compared with 1962 policies for $7,119,296 in the previous year. Total policies in force at December 31, 1932, numbered 20,347 for an aggregate of $46,700,028.

During the year the company improved its investment position and increased assets.

New Incorporations

Royal Exchange Assurance has been issued a certificate of registry by the Dominion Department of Insurance permitting it to transact fire, accident, automobile, burglary, explosion, guarantee, hail, inland transportation, sickness, sprinkler leakage, tornado insurance and insurance against loss or damage of personal property.

Increased Strength

The balance sheet of the Northern Life Assurance Co. of Canada reveals still greater progress and increased strength in a difficult year.

ASSETS
Real Estate and Agreements of Sale........ $ 560,100.31
Mortgages........ 3,039,206.53
Loans on Collateral........ 5,788.47
Loans on Policies........ 1,191,315.68
Automatic Premium Loans........ 498,947.82
Bonds and Debentures........ 2,857,771.35
Preferred and Common Stocks........ 96,404.33
Cash on hand........ 129,823.75
Other Ledger Assets........ 487.28
Interest and Rents Due and Accrued........ 182,047.98
Net Premiums Due and Deferred........ 258,728.75
$8,820,622.25

LIABILITIES
Net Policy Reserve........ $7,809,098.97
Reserve for Unreported and Outstanding Claims 60,509.96
Amounts Left on Deposit........ 437,070.32
Premiums and Interest Paid in Advance........ 14,772.80
Deferred Dividends and Coupons........ 81,577.98
Taxes Due and Accrued........ 33,368.00
Other Liabilities........ 76,652.16
Surplus for Protection of Policyholders (including $250,000 paid-up capital)........ 307,572.06
$8,820,622.25

Business in force $48,854,242.00
Write for printed statement.

Northern Life
ASSURANCE COMPANY OF CANADA
Established 1897 London, Ontario
G. W. GEDDES, General Manager R. G. IVEY, President

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The Financial World,
53 FP Park Place,
New York

Union Trust Company Assets Increase

Company Collected 93.61 Per Cent of Toronto Interest in 1932

At the Annual General Meeting of the Union Trust Company, Limited, held at the Company's offices on February 9th, Dr. J. H. McConnell, the Vice-President, reported that in the City of Toronto, where the Company has its main mortgage investment, 93.61 per cent of the interest was collected when due in 1932, and that a substantial amount of the balance had been received by the Company since December 31. He also informed the meeting that approximately two-thirds of the total mortgage investments of the Company were in modern homes of moderate size and cost in Toronto and Winnipeg and one-third in improved farm properties.

The Annual Report of the Company for the year ending December 31, 1932, showed net profits for the year, after deducting interest on deposits and trust funds for investment, fees and management expenses, totalling $34,544, and a balance of $37,833 surplus carried forward in Profit and Loss Account. The President, Mr. Henry F. Gooderham, K.C., informed the shareholders that, owing to the uncertainty of the immediate outlook, especially in Western Canada, $100,000 was transferred from reserve fund and applied to the writing down of the company's investments to their approximate market value on December 31, 1932. After making this transfer, there remained the sum of $400,000 at the credit of the reserve fund, in addition to an existing special investment reserve of $200,000.

The General Manager, C. D. Henderson, in addressing shareholders, stated that security values shown in the 1932 Balance Sheet were substantially below the valuations allowed by the Provincial Registrar of Loan and Trust Companies, or of those set by the Superintendent of the Department of Insurance at Ottawa for the use of insurance companies, and approximated actual market valuations. Mr. Henderson pointed out that, although net profits for the year were less than in 1931, the total amount of assets under administration at the end of 1932 showed an increase to $18,132,407, and now stood at the highest in the Company's history. Cash and Dominion and Provincial Government bonds in the Company's Guaranteed Trust Account were equivalent to over 25 per cent of the demand deposits. Estates under administration were also substantially higher.

Mr. Henderson referred to the probability of an extension of the existing moratoria in various Provinces, and expressed the hope that our legislators would bear in mind that the insurance and loan and trust companies have their own obligations to meet to policyholders, depositors and debentureholders, which they were bound to protect.

4%

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Mortgage Corporation
320 Bay St., Toronto

Assets exceed $70,000,000

Your Investments

Letters from subscribers to The Financial Post, who desire information bearing on their Canadian investments, will be answered by an early mail, and questions of general interest will be answered on this page. We cannot extend this service to non-subscribers nor do we answer enquiries relating to American stocks or foreign securities generally. A three-cent stamp or stamped envelope must be enclosed. Write mining and insurance enquiries on sheets separate from other investment enquiries. No answers can be given by telephone or telegram. We do not select lists of securities but will supply current facts about securities in a list you may supply. Nor do we attempt to make any forecasts of the probable trend of any security. The service, in other words, is one of fact and not of opinion.

Banks Lend on Margin To Brokers, Not Clients

Former Accounts Are More Liquid — Loans on Call to Individuals Back in 1929 Are Still Being Liquidated

I would like to have your opinion on the following experience which happened to me last week: I called on the bank manager with whom I have a bank account and asked him to borrow $700 to buy stocks; I offered him as collateral 15 shares of preferred stock Canadian Celanese Ltd. and 200 shares Siscoe Gold Mines Ltd. plus the stocks I was to buy; I was more than surprised when he told me he could not lend money for that purpose while three years ago the same banker loaned me $1,000 to buy stocks without any endorsement and less than half the guarantees I offer today. I felt his attitude was not fair so I went to see another banker who made the same refusal.

Will you tell me frankly why the bankers have changed their minds? Is it because the moment is opportune to buy good sound stocks at a low price and the big fellows controlling the banks fear a too early market appreciation? Moreover, their attitude is illogical; about a month ago, the same banker told me that his bank had to buy local municipal obligations at a low rate of interest, because they could not find ways to loan their money surely and soon after he refuses to lend at 7 per cent interest on guarantees that are worth the municipal debentures at least

Why also do the bankers loan money to stock brokers for margin buying of stocks and refuse to loan to the individuals who are more endangered in the hands of the broker than in the hands of their local bankers?

Many have been puzzled by the refusal of bankers to lend money on good collateral to clients who want to buy stock while money is loaned to brokers to buy stocks on margin for the same clients. To them it does not seem good sense but the reasons for it are deeper and larger than can be discerned in study of the individual transaction.

One reason is that the banker is studying the safety of the bank rather than the desire of the client. Your securities and your personal credit may be undoubted but as a matter of general policy the banks believe they get double security by lending to brokers rather than to clients. They have the security of the stocks taken as collateral for the loan and they are dealing with a professional trader who will make every effort to protect his loan because it is all-important to the broker to keep his credit good.

Moreover there is usually a greater diversity of the collateral security in large loans made to brokers. And if the lending bank dislikes part of the collateral it is usually easy to get the broker to substitute some more desirable security against the loan. A stock loan to an individual rarely offers this important advantage to the lender.

It is true that a few years ago bankers would lend money on stocks to clients and even sought such business. Today they feel it important to keep all their assets as liquid as possible, and do not want to make loans to clients where it is evident that the client desires the loan to be more or less a permanent affair.

We understand that banks will lend to clients on stock if clients will agree to pay off a certain amount of the loan every month. This practically amounts to buying stock on time, and also results in all payments being made within a year. Banks desire to make loans which extinguish themselves within a reasonable period in this manner and it is possible that, if you approach your banker with a proposal of this kind, he would be willing to lend money.

Individual Loans Less Liquid

You will realize also that the relations between the banker and the broker are such that the banker can ask to have accounts reduced whenever he so desires. Once a loan is made to clients, it is apt to cause bad feelings on both sides if an attempt is made to rush payment. It is not so liquid in other words.

Bankers base this policy on actual experience. One of the difficulties of stock markets reviving at the present time is that probably half of the call loans put out by bankers in the days of the stock boom were to individuals. After the breaks in 1929 and 1930 banks were able to clear up their brokerage accounts to a considerable extent but were obliged to proceed more carefully and slowly with their accounts with clients direct. Some brokers claim that stock markets would show more resilience if it were not that advantage is taken of recoveries in certain popular stocks to clear up hang-overs from the old system of margin lending direct to clients. Other brokers think that all those situations have been about cleared out of the way now.

If business gets brisk and confidence rises again, and money is moving actively, it may be that bankers will once again extend their facilities to clients for their purchases on the stock market. In the meantime their policy appears to be to clear up and help to adjust old debt situations and to create only such new ones as will liquidate themselves rapidly.

Making Call Loans Callable

Canadian call loans by banks on October 31, 1929, stood at $268,336,003 and at the end of 1932 at $103,204,389. That is strenuous liquidation but the totals have been lower month by month in almost every case throughout more than three years. Call loans abroad dropped from $252,283,450 in October, 1929, to $91,491,603 but the totals fluctuated. It went up $12,000,000 in November, 1932, for instance, and down $8,000,000 in December. Those figures are given here because they illustrate the different meaning which call loans inside and outside Canada have for banks.

The call loans outside Canada, mainly in New York, are real "call" loans, that is, the banks can ask for their money whenever they think it wise. The so-called "call" loans in Canada have proved in many cases to be time loans and the longer it takes to collect such loans the less valuable they are to banks as a reserve from which to draw money when needed for their real function, to facilitate commerce and production. In making the broker the favored recipient of brokerage loans the banks do make these "call" loans more liquid in Canada and a more liquid current asset.

More Statistics Desirable

Canadian call loan figures are not broken up so that Canadian investors can see what the call loans are in Montreal, what they are in Toronto, what amount is for stocks, what for bonds, what go to brokers and what to individuals direct. Montreal Stock Exchange does give interesting monthly returns of loans on securities to members. Their reports indicate that loans of $54,991,145 on October 3, 1931, had dropped to $13,606,351 on February 3, 1933. This did not include loans on foreign securities held, and it does not mean that all the loans were received from banks.

Statistics in the Canadian investment field are lacking in this way. It might be valuable in a time of stock market activity from week to week to have total records of call loans from others than banks, and especially of call loans obtained from outside Canada. In Toronto call loans go to brokers on two exchanges and also to bond houses and investment bankers. The amount loaned in 1929 direct to individuals by banks in order to let them buy stocks and still outstanding is regarded by the street as limited now.

Malagash Salt

Can you give me some information on Malagash Salt Co.? I hold one of the company's bonds but have not received interest for some time.

Bondholders of Malagash Salt Co. have approved a plan whereby interest on and after August 1, 1932, would be payable only out of profit, such interest to be cumulative, and that in the event of non-payment for any period of five years after August 1, 1932, provision for further protection of bondholders would be made. Sinking fund is to be postponed until August 1, 1935.

United Dairies

What are the prospects for United Dairies preferred stock? Is it likely to improve in investment value?

United Dairies, whose head office is at Calgary, Alberta, covers in its operations a number of communities in Alberta and British Columbia. It has a fairly strong working capital position, has been able in most years to pay dividends on its preferred stock regularly in addition to disbursements in 1930 on common and has achieved a considerable measure of success in its field.

However, it had to waive payment of its second preferred dividend at the outset of 1931 and, of course, the common dividend, which was initiated at the rate of 25 cents at the outset of 1930, also had to be dropped.

While The Financial Post has not received the financial statement of the company for the year ended June 30, 1932, it understands that the showing in that year was not as good as usual. The company only made about $35,000 before preferred dividends, while nearly $49,000 is required. As a consequence, the preferred stock was put on a four per cent basis where it is now.

The Financial Post understands that the company owed the banks at one time between $200,000 and $300,000, but has paid a good deal of this off. In the current fiscal year which ends June 30, 1932, the company is understood to be making a better showing. Operating expenses have been reduced considerably. Factories have been merged where advantages could be obtained by doing so, and much the same business is being done by a smaller staff.

If the second half of the company's year shows up as well as the first half, the next financial statement may show a better situation. So at least expectations run in Calgary.

Victoria Trust

I have a debenture of the Victoria Trust & Savings Co. which gives me a return of 5 per cent but which matures in a few months. What is your opinion of this company? Would it be wise to reinvest my money with them or invest with Toronto General Trusts Co. or the Canada Permanent Mortgage Corp.? Or should I buy Dominion Government bonds?

The annual statement of the Victoria Trust & Savings Co. for the year 1932 has not as yet been issued but should be available before your debenture comes due.

While the company's annual statement is not as yet available, the quarterly report of the registrar of loan corporations for Ontario shows Victoria Trust & Savings Co. with liquid assets amounting to 23.6 per cent of savings deposits. This compares with an average of 60.7 per cent for all similar companies operating in Ontario. On the other hand the percentage of total trustee investments to total guaranteed funds was 97.05 per cent as compared with an average for the province of 79.98 per cent. The company has been established some 37 years and operates conservatively in a good district.

The annual statement of Toronto General Trusts shows liquid assets of 125.54 per cent of deposits and Canada Permanent Mortgage Corp. has liquid assets of 53.41 per cent. On a basis of percentage of total trustee investments to total guaranteed funds, Toronto General Trusts Corp. has a ratio of 92.22 per cent and the Canada Permanent Trust Co. a ratio of 99.16 per cent. The Toronto General Trust Corp. has total guaranteed funds of $23,915,389 and the Victoria Trust & Savings Co. guaranteed funds of $5,982,913. By leaving your funds in loan company savings certificates you obtain a high degree of security and your principal is not subject to fluctuations in market value. Buying Dominion of Canada bonds you have the highest security afforded in the Dominion and can be assured of a definite yield for a long period of time.

Loblaw Groceterias

What is the position of Loblaw Groceterias Ltd.? Why does the class "A" stock sell at a slightly higher price than the Class "B" shares?

Loblaw Groceterias Ltd. has had a consistent record of good earnings for several years and in the year ended May 31, 1932, earned $1.23 per share on the class "A" and class "B" stock. Dividends have been paid at the rate of 80 cents per year since March 1, 1930, and in December, 1932, a bonus of 20 cents a share was paid on both classes of stock. The company has built up a strong cash position and while sales and profits have fallen off to some extent in the current fiscal year the company is earning its 80 cent dividend by a satisfactory margin. The class "A" stock is entitled to cumulative annual dividends of 50 cents per share after which the class "B" shares receive 50 cents and any further distributions are on equal basis. Because of this preference, attached to class "A" shares, the market for this stock is more active than is the market for the class "B" stock.

General Steel Wares

Among my holdings are some preferred shares of General Steel Wares. Is there anything of an encouraging nature to be said for this company? Have earnings shown any tendency to improve?

Perhaps the most favorable factor in affairs of General Steel Wares during 1932 was the redemption of $570,000 of first mortgage bonds, which reduced the total outstanding to $7,828,000 compared with an original issue of $9,000,000 in 1927. Consequent upon this action, bond interest charges in 1933 will be $51,060 less than in 1932. Operations last year were not particularly good and little improvement over the operating loss of $349,407 reported in 1931 is expected. Liquid position has been strengthened and bank loans have been reduced in the past 12 months and possibly some improvement will be made in earnings during 1933. It should be remembered that voting power is now held by the preferred and common shareholders; originally this was vested in three management shares but their rights expired last October and as the preferred stock is more than four quarterly dividends in arrears, all classes of stock now have equal voting rights.

Lake of the Woods

I would like to take advantage of your service to enquire regarding progress of Lake of the Woods Milling Co. Has the company improved its position at all this year and what is the outlook for the preferred stock?

Lake of the Woods Milling Co. has held the gains it made last year and our understanding is that its position to date has been somewhat improved. Bank loans have been reduced and liquid position strengthened, but an early resumption of preferred dividends does not seem likely. The company, however, earned its preferred dividend requirements in its last fiscal year, but any marked improvement must await a betterment in the milling industry as a whole and more satisfactory conditions in the baking industry. The company ranks as one of the largest milling organizations in Canada, while it is well to remember that preferred dividend requirements only total $105,000 annually.

Landed Banking & Loan

We have been approached to buy a $2,000 5 per cent debenture maturing January 1, 1935, in the Landed Banking & Loan Co., of Hamilton, Ont. We are given to understand that this company, although small is A1 and a person's money should be safe with it.

Landed Banking & Loan Co. was originally incorporated in 1876 under the Building Societies Act and the company's debentures were authorized by the government for purposes of investment by trustees in 1910, when the company was also authorized to accept and deposit trust funds from trustees. We have not as yet received the financial statement of the company for the year ended December 31, 1932, although this should be available within the next few days. The figures given below are as at December 31, 1931.

At that date, total assets of the company amounted to $4,250,170 and liabilities to the public were $2,189,699. The company has $1,000,000 of paid up capital stock outstanding and a reserve of $1,000,000. At December 31, 1931, the company had deposits of $1,454,027 and currency in sterling debentures outstanding to the extent of $721,103. Liquid assets amounted to approximately 35 per cent of deposit and in addition the company had mortgages to the principal amount of $3,341,234. During 1931 and 1932, dividends to the amount of 8 per cent were paid annually on the capital stock.

Fraser Companies

I hold some 6 per cent debentures of Fraser Companies. Please advise me of the position of these securities and outlook for the company.

Outlook for an early improvement in Fraser Companies cannot be considered very impressive. The company has been hampered in the past year by restricted demand and lower prices for its products while the recent reorganization did little to improve the company's position since funded debt charges were not reduced. As you know, the company's debentures were exchanged for voting trust certificates, representing common shares of Fraser Companies on the basis of two shares for each $100 debenture in the last capital revision. Position of the common stock cannot be considered encouraging.

American Salesbook

I am interested in the American Sales Book Co. which I am informed is located in Niagara Falls, N.Y. I would like to know if this common stock is independent, or if the common stock is in the Moore Holding Corp. If not, can you give me the earnings of the American Sales Book Co. or the Moore Holding Corp.? I would like earnings of last quarter, if possible.

The Financial Post is informed officially that all the common stock of the American Sales Book Co. has been exchanged for common stock of the Moore Corp., and that there are only two preferred shares outstanding and both of those are held in Toronto. Earnings of the American Sales Book Co. have not been made public since 1927 as the company entered Moore Corp. in 1928. Since that period earnings of American Sales Book Co. have been consolidated with those of Moore Corp.

Earnings of the whole group of companies taken over under Moore Holding Corp. have receded in line with the business recession. This is a business which generally keeps pace with the activity of general business. Moore Corp. paid dividends on the common as well as the preferred stock until 1932 omitting the dividend due July 1. Dividends are still paid on the preference stock in United States money.

Earnings statements are published annually, not quarterly. The annual report will probably appear in March. It was available on March 12 last year.

Bank and Trust Stocks

Among my holdings are some bank stocks and trust company stocks. On account of the uncertainty of the results of the impending revision of the Bank Act, is it advisable to continue holding such stocks? Would it not be better to sell even at a considerable loss?

The uncertainties of business have more to do with the safety of bank stocks and trust company stocks than the impending revision of the Bank Act. That revision need not have any features which hamper the revenue-earning powers of the bank and it would not apply to the trust companies. The latter need only be concerned with the type of legislation of provincial legislatures and the administrative acts flowing from it.

Even the uncertain position of so many mortgages need not lead to anxiety if statesmen continue to recognize the force and sanctity of contracts.

It is not considered advisable as a matter of general policy for any one to hold bank stocks to the extent of more than 20 per cent of his total investments. This is because of the double liability clause of the Bank Act. Stocks of both classes of companies, however, have given a good account of themselves throughout most of their history. With better business the position would be improved for the banks and the trust companies too.

Abitibi Power Bonds

I would appreciate your advice as to the wisdom of selling or switching my Abitibi Power & Paper Co. bonds due 1953, paying 5 per cent until interest was passed last summer. I hold $5,000 of these bonds.

In view of the fact that Abitibi Power and Paper Company is now operating under a receivership and that the protective committee for the bondholders has promised to present a reorganization plan possibly in the near future, any statement by us as to the wisdom of selling or switching the 5 per cent bonds due 1953 would be without having all the facts in our possession. The company apparently had an excellent position up to the end of 1931, but various contingent liabilities were such as to force the company to go into receivership without paying its bond interest. When all these contingent liabilities are entered into the balance sheet of Abitibi Power and Paper and a complete statement is made, the prospects can be better judged. In the meantime, a protective committee exists, simply because it is necessary to have someone fighting for and looking after the interests of the bondholders. None can say what will be injected into the situation by various proposals which may come for merger.

Peruvian Bonds

A client holds Peruvian National Loan six per cent external sinking fund gold bonds, due 1960. Apparently these bonds have fallen in default and a bondholders' protective committee has been appointed. Our client has received a form for signature in this connection, the members of the bondholders' committee being given as Messrs. William Phillips, Hugh B. Baker, Clarence H. Haring, Grayson M-P Murphy, and Robert V. White.

We shall be glad if you will let us know if you have any information regarding these bonds and the reliability of the bondholders' committee mentioned. We presume our client has no alternative but to sign and return the letter of authorization sent him.

Dominion Securities Corp., 15 King St. West, Toronto, was the Canadian investment banking firm principally interested in the original offering of the Peruvian National Loan, 6 per cent external sinking fund gold bonds due 1950 in Canada. Dominion Securities Corp. is suggesting to its clients who hold these bonds that these bonds should not be deposited but that a letter of authorization could be lodged with Dominion Securities and such a letter would be retained in Canada unless later instructions were given to forward it to the committee in New York. Under this plan, Dominion Securities, representing bondholders in Canada, would take no action until the bondholders' protective committee drafted and presented a plan of adjustment which had the approval of Canadian bondholders. We understand that as information becomes available, letters will be sent out regarding the situation to holders of the bonds and if your client notified Dominion Securities of the bonds that he holds he would receive such letters.

The present is not a favorable time to bargain with the Peruvian Government regarding an adjustment due to the low level to which revenues have fallen and the lack of foreign trade. The Peruvian national external debt is not particularly large in comparison with the resources of the country and with the debts of other South American borrowers and even a slight improvement in price and in volume of commodities exported would have a highly beneficial effect upon the country's finances. Apparently it is the opinion of Dominion Securities that any adjustment between the Peruvian Government and bondholders should await some improvement in the country's financial position. The deposit of bonds is not recommended since such deposit carries a liability of up to 1 per cent of the face value of the bonds and this amount is a high percentage of the current market value of the bonds.

Cities in Default

In my investments I have $2,000 of City of Calgary and these have depreciated so that I feel I do not want to sell them and take a loss.

I would appreciate very much your opinion of a city defaulting on their bond issue or going into bankruptcy. What would happen to the bondholders? Has a city in Canada ever gone into bankruptcy and not fulfilled its obligations?

While the City of Calgary has defaulted to the extent of refusing to pay principal and bond interest in United States funds, bondholders can secure payment in Canadian funds. There is no present indication that the city will default further on its obligations although its credit has been damaged by the attitude taken and this detracts from the prestige of the bonds.

Various cities in Canada have gone into default in the past and in certain cases bondholders have had to take a reduction in interest rates as well as granting an extension of time on principal payments. In the event of default, bondholders usually form some organization to protect their capital and leadership in such organization is usually taken by large investors such as the life insurance companies and trust companies who usually hold a substantial proportion of the bonds. When a municipality defaults, usually a commission is appointed which takes charge of the city's finances either directly or in a supervisory capacity. The terms on which a composition with the bondholders is made varies with each defaulting municipality and depends upon the financial position and prospects of the municipality.

Saskatchewan Bonds

I hold a $1,000 Province of Alberta six per cent bond due 1941, and a $500 Province of Ontario six per cent bond due 1943. I have been offered an exchange of these for $1,500 Province of Saskatchewan six per cent bonds due 1952, at a premium of about $90.

Would you consider it a wise proposition to make the change?

While Saskatchewan has apparently made good progress in reducing its deficit the province still has financial difficulties which must be solved, and difficulties which will affect the marketability of the bonds of the province until a balanced budget is attained and a greater degree of prosperity prevails than at present. You now hold an Alberta bond that ranks slightly ahead of the Saskatchewan bond that is offered you while your Ontario 6 per cent bonds due 1943 are payable in New York funds and on the basis of present market prices rank considerably higher than any western provincial issue. With your present holdings you have a diversification which you would not have if you exchange them for a Saskatchewan bond.

Canadian Securities

Dominion of Canada
Dominion Guaranteed
Provincial Government
and Municipal Bonds

DOMINION SECURITIES CORPORATION LIMITED
TORONTO MONTREAL WINNIPEG VANCOUVER NEW YORK LONDON, ENG.
15 King Street West, Toronto

A
LEGAL
DEPOSITORY
for
TRUST FUNDS

CENTRAL CANADA
LOAN AND SAVINGS COMPANY
KING AND VICTORIA STS., TORONTO
23 SIMCOE ST. N., OSHAWA

ESTABLISHED 1884

To Investors in
Mining Securities—

Due to the wide-spread interest in the shares of the Canadian mines, we have broadened the facilities of our Stock Department and are prepared to execute orders in the better grade of mining stocks on a cash or conservative marginal basis.

We place at your disposal the services of our Statistical Department.

H. R. BAIN & CO.
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National Steel Car
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Builders of Passenger Cars—Freight Cars—Street Cars—Air Dump and Industrial Cars of all descriptions. Automobile Chassis Frames, Woodwork and Parts—Steel Pressings—Forgings—Drop Forgings.

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621 St. James Street, MONTREAL, QUE.

Abitibi Power & Paper Company, Limited
TORONTO, ONT.

Owning and operating mills at

Murray Bay, Que. Sault Ste. Marie, Ont.
Beaupre, Que. Iroquois Falls, Ont.
Sturgeon Falls, Ont. Smooth Rock Falls, Ont.
Espanola, Ont. Fort William, Ont.
Pine Falls, Manitoba

Daily Capacity 2200 Tons Newsprint
Groundwood Pulp News Sulphite Pulp
High Grade Bleached Sulphite Pulp

Financial Security

In 1932 the Sovereign Life met all the unusual demands of another abnormal year and is able to present a statement showing that its strong financial position has been maintained.

Income for Year	$ 1,116,040.58
Payments to Policyholders and Beneficiaries	739,400.64
Reserve Funds for Policyholders' Profits	385,249.00
Other Reserves for Policyholders	4,919,591.00
Total Assets	5,978,884.59
Insurance in Force	26,024,850.00

Bonds, Mortgages and Secured Policy Loans comprise 95.7% of total Invested Assets. Death Claims in 1932 were the lightest in the Company's history.

BALANCE SHEET, DECEMBER 31, 1932

ASSETS		LIABILITIES	
Bonds and Debentures (Ledger Value)	$1,490,405.60	Net Reserve for Policy and Annuity Obligations	$4,919,591.00
Preferred and Common Stocks (Ledger Value)	119,321.70	Policyholders' Funds on Deposit	118,912.80
First Mortgages on Real Estate	2,446,781.82	Premiums and Interest in Advance	48,353.05
Loans on Policies—Secured	1,245,294.12	Other Amounts Owing	84,548.75
Real Estate Owned	161,862.59	Policyholders' Profit Funds	306,700.00
Net Premiums Due (Offset by Reserves)	273,805.29		$5,478,105.60
Interest, Cash and Other Assets	241,413.47	Capital and Shareholders' Acct.	222,709.86
(The above ledger values of bonds, stocks, mortgages and real estate have been written down in 1932 to the extent of $319,264.24 and are now less than Dominion Government authorized values by $31,386.69).		Investment Reserve	127,000.00
		Unassigned Surplus	151,069.13
	$5,978,884.59		$5,978,884.59

THE SOVEREIGN LIFE
ASSURANCE COMPANY OF CANADA
HEAD OFFICE - WINNIPEG

Surplus Funds Over All Specific Obligations, $616,155.82.

Bank Chat on Current Topics

Bankers in Capital City

LENGTHY service of managers appears to be the rule in Ottawa main branches. It is not unusual for managers, once appointed, to remain in charge of such branches until their retirement from active service.

G. C. Gardner, this year's chairman of the Ottawa Clearing House, has represented the Bank of Toronto in the capital for upwards of 20 years. He was elected chairman previously in 1923. He is credited with having somewhat progressive ideas on economic subjects.

C. A. Gray of the Royal and C. O. Fellowes of the Dominion Bank have been in Ottawa about as long as Mr. Gardner. Major W. R. Creighton of the Bank of Montreal succeeded Archibald Parker on his retirement after very many years in Ottawa. R. M. Gemmell of the Nova Scotia succeeded the late Chas. S. Smith on his death.

T. P. MacKenzie of the Commerce succeeded Crawford Gordon on the latter's transfer to represent that bank in London, Eng., J. Walker of the Imperial succeeded to his office after the deaths in quick succession of the late E. S. Houston and T. A. Hood. The genial French representatives on the Ottawa Clearing House committee are Hermann Bonneau of La Banque Canadienne Nationale and J. A. Simard of La Banque Provinciale.

* * *

THE Ottawa Clearing House was established in 1901 when the late Sir George Burn, then general manager of the old Bank of Ottawa, was elected chairman. He was re-elected year after year until 1916 when he retired.

In 1914 Alex. Simpson, formerly for many years manager in Ottawa for the old Ontario Bank was appointed manager of the Ottawa Clearing House and was re-elected year after year until his decease in 1931 since when the present manager, Mr. W. W. Forrest, has held that office.

Although the field of industrial activity is somewhat limited in Ottawa the bank managers' capabilities and experience are devoted to many matters unusual in the routine of most branches. Agency work dealing with Government business is a very important variation and the Ottawa managers are more or less known to industrialists and business men from all over the country. The Ottawa bank manager has also the privilege of meeting members of parliament and is able to attend debates in the House of Commons and in parliamentary committees when any matter of banking interest is being discussed.

* * *

Exaggerated Evils

WHILE the system of unit banking in the U. S. A. has come in for much criticism, recently, it is hardly fair for Canadians to exaggerate its evils. We recently came across an editorial on this topic in a respectable Canadian newspaper which stated that "The New York Times speaks of 'the disgraceful record of more than 10,000 failures in the last twelve months.'"

Either the New York Times was in error, or the Canadian editor read the statement incorrectly, and did not know the facts. The statement should be altered to apply to the last twelve years. Failures of United States banks in the years 1931 and 1932 amounted to almost 4,000, which is large enough without exaggeration.

Canadians who object to some of the ridiculous statements made in the United States about our banks should be careful not to commit the same error in regard to American institutions.

Staff Changes

Imperial Bank of Canada announces the following changes in staff appointments:

F. S. GLASSCO, manager at Hamilton, Ont., for the past 34 years, is retiring from active service on Feb. 25, and is being succeeded by P. B. REEVE, who has been manager at Niagara Falls, Ont.

JOHN THOMSON, formerly inspector at head office, Toronto, to be manager at Niagara Falls, Ont.

W. E. LEWIS, formerly accountant at Toronto branch, to be on the inspection staff at head office.

R. B. WANSBROUGH, formerly accountant at Sault Ste. Marie, Ont., to be manager of Gore and Queen Sts. branch, Sault Ste. Marie.

G. W. FISH, formerly accountant at Cobalt, Ont., to be accountant at Sault Ste. Marie, Ont.

T. R. JONES, formerly manager at Chatham, Ont., to be temporarily attached to the supervisor's department at head office, Toronto.

S. T. SKENE, formerly accountant at London, Ont., to be acting manager at Chatham, Ont.

G. C. RUNDLE, formerly attached to the head office staff, to be acting accountant at London, Ont.

Branch Changes

Imperial Bank of Canada announces that its branch at Dolbeau, Que., is being closed on Feb. 25 next.

Weekly Bank Clearings

Eastern Cities

	Feb. 11, 1932	Feb. 9, 1933
Halifax	$ 1,895,329	$ 1,750,703
Saint John	1,756,145	1,345,015
Moncton	561,172	526,975
Sherbrooke	492,402	471,725
Quebec	3,144,880	3,144,380
Ottawa	4,367,329	3,764,644
Montreal	74,124,011	81,770,548
Kingston	504,948	480,470
Peterborough	465,882	449,824
Toronto	77,041,907	97,711,691
Hamilton	3,451,860	3,031,608
Kitchener	731,908	670,379
Brantford	751,801	679,569
London	2,329,700	2,103,362
Chatham	473,597	356,372
Sarnia	*377,139	345,291
Sudbury	459,165	346,833
Windsor	2,177,880	2,177,750

Western Cities

	Feb. 11, 1932	Feb. 9, 1933
Fort William	485,778	485,046
Winnipeg	22,801,977	22,710,490
Brandon	316,724	227,721
Moose Jaw	489,902	428,161
Regina	2,338,771	2,494,380
Saskatoon	1,279,267	1,957,566
Prince Albert	274,034	199,024
Calgary	4,583,260	3,949,944
Medicine Hat	183,328	151,376
Lethbridge	267,600	263,907
New Westminster	435,128	404,914
Vancouver	11,076,294	10,998,060
Victoria	1,427,673	1,239,417

Current Events in Banking World

MONTREAL CITY BANK IMPROVES POSITION IN 1932

Liquid Status Bettered With Earnings Up to 1931

From Our Own Correspondent

MONTREAL. — Montreal City and District Savings Bank statement for 1932 reflects an improvement in liquid position with earnings well maintained, and a small surplus carried forward to profit and loss account after all charges.

Profits for the past year totalled $359,750, a decline of less than $7,000 compared with profits of the previous year. After payment of regular dividends and deducting $6,500 for charity donations over and above the regular appropriation, there was a surplus of $73,250.

Carry Forward Surplus

Details of the income account follow:

	1932	1931	1930
	$	$	$
Prev. balance	327,129	246,459	169,737
Year's profit	359,750	366,135	363,022
Totals	686,879	612,594	532,759
Deduct:			
Dividends	280,000	280,000	280,000
†Charity	6,500	5,465	6,300
Bal. forward	400,379	327,129	246,459

Note: †—In addition to which the bank distributes $10,200, being the annual interest on the Charity Donation Fund.

Assets of the bank at December 31 last totalled $60,907,619 compared with $63,965,080 on the same date a year ago. Deposits bearing interest have declined slightly, from $55,703,041 to $54,277,888; other deposits are off from $49,310 to $33,521.

Other liabilities have been cut from $3,505,600 to $1,815.830.

There is no change in the amount of outstanding stock or reserve, while the surplus account shows an increase from $327,129 to $400,379.

Strong Liquid Position

No material change has taken place in the distribution of the bank's assets. Cash on hand and in chartered banks has increased from $6,761,013 to $6,903,478. Holdings of Dominion and provincial banks remain about the same at $22,279,378, while municipal bonds and debentures held amount to $21,782,946. down from $23,145,153.

Bonds of school municipalities and sundry securities are little changed. Call and short term loans have been reduced from $7,037,456 to $5,766,729. Bank premises are carried at the same figure, namely, $1,170,000.

Col. D. Donald Retires March 1 From C. B. of C.

Canadian Bank of Commerce has announced the retirement on March 1 next of Col. Duncan Donald, supervisor of the bank premises department.

Col. D. Donald

Colonel Donald, a lawyer by profession and previously secretary of the Law Society of Ontario, entered the service of the bank in the year 1912 to take the newly created position of supervisor of bank premises department, in addition to which he was appointed secretary of The Dominion Realty Company, Limited.

Colonel Donald, in addition to his legal training, had long been interested in architecture, and consequently, brought into his new field of activity talents and tastes which were of great benefit to the bank, particularly in the culminating architectural achievement in the institution's history, the construction of the head office building. In this connection his aptitude and long experience in the practical requirements of the bank proved to be of immense assistance to the architects responsible for the planning of the structure, the co-relation of departmental space, and the designing and selection of suitable equipment.

DOMINION NOTES DROP $10,696,743

Ratio of Gold to Notes Rose from 37% to 39.3% in January

A substantial decline in Dominion notes outstanding, amounting to $10,696,743, was recorded during January, according to the monthly report of the Department of Finance. This reduction follows the seasonal tendency, and is a smaller decline than has been recorded for the same month in past years.

Due to the smaller total of notes outstanding and a slight increase in gold held against notes, the ratio of gold to notes rose from 37.0 per cent at Dec. 31, 1932, to 39.3 per cent at Jan. 31, 1933.

The entire reduction in outstanding notes was due to decreases in advances under the Finance Act, which usually accompany the passing of the peak of the wheat export season. These advances dropped $10,744,000 and, in conjunction with an increase of $47,257 in issues under the Dominion Notes Act, accounted for the net decrease in the total.

Changes in total amounts of notes of large denominations outstanding made for the greater part of the reduction. However there were also substantial reductions in notes of smaller denominations such as the $1 and $2 bills which are used by the public. The changes for note denominations are shown in the following table:

Changes in Outstanding Dominion Notes by Denominations in Jan., 1933

	Decrease
	$
Provincial notes	2
Fractional coins	5,703
$1 notes	1,159,801
$2 notes	641,608
$4 notes	32
$5 notes	166,597
$500 notes	285,000
$1,000 notes	*305,000
$5,000 notes	1,293,000
$50,000 notes	7,450,000
	$10,696,743

*Increase.

An increase of $147,626 was reported in gold held against notes at Jan. 31. Of this, $14,447 was due to decreased holdings against government savings bank deposits, which registered a decline.

Gold holdings of the Minister of Finance at Jan. 31, 1933, are shown in the following table:

Gold Holdings of the Minister of Finance at January 31, 1933

Against savings bank deposits (10% on $22,415,536)	$2,241,536
Against notes as required by Dominion Notes Act, 1927	70,229,727
In excess of statutory requirements	706,329
	$73,177,592

Clearing House Associations Report Elections for 1933

Additional returns of elections of 1933 officers for Clearing House Associations in Canadian clearing centres, as reported to The Financial Post, are as follows:

Winnipeg

Present officers of the Winnipeg Clearing House Association are: A. D. Duncan, Imperial Bank of Canada, chairman; George P. Jessop, La Banque Canadienne Nationale, vice-chairman; W. A. Weir, secretary and manager.

Brantford

Officers elected by the Brantford Clearing House Association for 1933 are: John McMillan, The Dominion Bank, chairman; A. S. Maxwell, The Bank of Montreal, secretary-treasurer.

Sherbrooke

Election of officers of the Sherbrooke Clearing House for 1933 resulted in the following appointments: H. B. Wilson, The Royal Bank of Canada, chairman; A. J. Fortier, La Banque Provinciale du Canada, vice-chairman; F. J. McCarney, The Royal Bank of Canada, manager and secretary.

Ottawa

The officers for 1933, elected at the annual meeting of the Ottawa Clearing House Management Committee, were as follows: G. C. Gardner, The Bank of Toronto, chairman; C. A. Gray, The Royal Bank of Canada, vice-chairman; W. W. Forrest, manager. The committee consists of Major W. R. Creighton, of The Bank of Montreal, Hermann Bonneau of La Banque Canadienne Nationale, C. O. Fellowes, of The Dominion Bank, R. M. Gemmell of The Bank of Nova Scotia, T. P. MacKenzie of The Canadian Bank of Commerce, J. F. Simard of La Banque Provinciale du Canada, and J. Walker of The Imperial Bank of Canada.

New Westminster

D. MacMillan of The Dominion Bank was recently re-elected as chairman of the New Westminster Clearing House for 1933. H. C. Seaman of The Royal Bank of Canada was made vice-chairman and A. L. Putnam of The Royal Bank was elected secretary.

Moose Jaw

The annual meeting of the Moose Jaw Clearing House Association will be held in April. Officers of the association at present are: J. C. Downing, The Bank of Montreal, chairman; F. Thompson, The Bank of Montreal, manager.

Lethbridge

At the recent annual meeting of the Lethbridge Clearing House Association, Charles MacMillan was appointed chairman, and Wallace Gove, of the Royal Bank of Canada was appointed manager for 1933.

Calgary

Calgary Clearing House officers for 1933 were recently appointed. They are: H. C. Francis, the Bank of Montreal, chairman and E. McLean, the Royal Bank of Canada, vice-chairman.

Hamilton

The annual general meeting of the Hamilton Clearing House was held on Feb. 9, and the following officers were elected for 1933: A. L. Woodrow, The Bank of Nova Scotia, chairman; F. C. Ridley, The Bank of Montreal, vice-chairman; Arthur C. Rowe, manager and secretary-treasurer. The committee includes F. S. Glassco of the Imperial Bank of Canada, A. E. Taylor of The Canadian Bank of Commerce, and John Stephen of The Bank of Toronto.

Medicine Hat

C. D. Saunders has been elected chairman of the Medicine Hat Clearing House, and D. M. Lundie has been made secretary and manager. Total clearings in 1932 amounted to $9,648,413, compared with $12,319,717 for 1931.

In sending this information to The Financial Post, Mr. Lundie also gives a valuable sketch of business conditions in Medicine Hat as follows:

"Medicine Hat is an important railroad centre and with the recession in railroad activities many employees of the railroad have been laid off or are receiving part time employment only. Three large milling concerns are located at this point and there are three brick and tile plants but none of these industries have been able to maintain their normal output and at the present time the mills are operating at approximately 50 per cent capacity, and the brick and tile plants are practically closed down. Medicine Hat has also developed a considerable greenhouse business but as this may be considered in the luxury class the sales of the greenhouses especially as they pertain to flowers have been considerably restricted.

"Approximately 85 per cent of the agricultural district surrounding the city is devoted to straight wheat growing and with three successive poor crop years the wheat farmer has been badly crippled financially. Low prices have also depressed the cattle industry and many ranchers are withholding their surplus livestock from the market owing to the present market conditions. No improvement, as it pertains to the economic condition in this district, is looked for for some time at least."

Vancouver

The annual general meeting of the Vancouver Clearing House will be held on March 9.

CLEARING DATA FROM HAMILTON REFLECT SLUMP

Statistics Presented at Clearing House Meeting

A sketch of industrial and business activity in Hamilton in 1932 was presented at the recent annual meeting of the Hamilton Clearing House. A lower scale of activity than in 1931 was apparent from the facts outlined. Statistical data was presented to the meeting a portion of which is shown in the following table:

Indications of Business Activity in Hamilton in 1932

	1932	1931
	$	$
Customs receipts	10,720,381	11,014,624
Bldg. permits	1,424,300	5,026,050
City assess't	172,225,090	171,690,040
Fire loss	500,328	280,609
*Failures	473,200	707,200
†Tourist trade	311,615	901,758

*Net liabilities.

†Based on amount of U. S. currency passing through banks. Recent large private transactions have absorbed some of the dealings.

Population and Employment

Population	153,504	154,701
‡Employed	24,001	29,681

‡Male and female.

Arthur C. Rowe, manager of the clearing house, commented on these figures at the meeting. Speaking of the construction figures, he said:

"The year 1932 shows a great falling off from the two previous years. The chief item for 1932 is $300,000 for the new Toronto, Hamilton and Buffalo Railway station which is now under construction, and the rest in small lots. The new Roman Catholic Cathedral in the west end of the city is nearly completed and the first services are expected to be held at Easter.

"As I mentioned in my last report, in view of the permits being assessed on a certain percentage of the valuation, the above figures do not represent a true value of the buildings and cannot be taken in comparison with cities who assess a flat rate for permits. Here the assessment is made on a valuation at a sliding percentage scale."

Mr. Rowe also stated that values of business properties have been fairly well maintained in Hamilton in 1932 as follows:

"Values in the high-class business districts have held fairly steady, but declines are noticeable. There are some vacancies and I believe tenants are finding it harder to pay rents than in 1931. Owners have been forced to take substantial reductions in rents in order to carry the tenants through. The above also applies to sub-centres."

Foreign Exchange

CANADIAN dollars again lost ground in foreign exchange markets during the week ended Feb. 13. The quotation in the United States at the end of the week was 83⅜ cents compared with 84⅛ cents at the end of the previous week. The premium in Canada on United States funds rose from 18½ to 20 per cent in the week ended Feb. 13.

Six other leading commercial currencies, including sterling, improved at the expense of the Canadian dollar during the week under review, according to The Financial Post's compilation which appears below.

* *

STERLING showed outstanding strength in Canada, rising from about $4.04 a week previous, to $4.12½ on Feb. 13. This may be considered indicative of the usual seasonal strength of sterling at this period due to the passing of the peak of the Canadian wheat export season. However this may not be completely responsible for the rise in sterling quotations in Canada, as the United Kingdom has been buying much more Canadian wheat in recent weeks than in the corresponding period of 1932.

Financial influence and security dealings are still believed to be causing important trends in exchange fluctuations. As the present market for Canadian currency is understood to be somewhat limited, only moderate sized transactions are necessary to influence rates.

Changes for the week under review and gold par of exchange are shown in the following tables:

FOREIGN EXCHANGE New York Funds

	High	Low	Last Year High	Last Year Low
	(Premium)		(Premium)	
	%	%	%	%
Feb. 7	18 7-8	18 1-2	15 3-8	14 15-16
Feb. 8	18 15-16	18 11-16	16 1-8	15 1-4
Feb. 9	19 7-8	19 1-4	16 3-8	15 3-4
Feb. 10	20 5-16	20	16 1-2	16 1-4
Feb. 11	20 1-16	19 7-8	16 1-4	15 3-8
Feb. 13	20 1-2	20	15 1-2	14 3-4

STERLING, FRANCS AND LIRE

Close: Demand in New York

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.526
Feb. 7	3.42 5-8	0.390 5-8	0.511
Feb. 8	3.42 5-8	0.390 7-16	0.511
Feb. 9	3.42 7-8	0.390 5-8	0.511 1-8
Feb. 10	3.43 7-8	0.390 9-16	0.510 7-8
Feb. 11	3.42 13-16	0.390 5-8	0.511
Feb. 13	....	....	....

Close: Demand in Toronto

	Sterling	Francs	Lire
Gold par	$4.866	$0.03918	$0.0526
Feb. 7	4.06 3-4	0.0463 3-4	0.0608 3-4
Feb. 8	4.07 1-4	0.0464	0.0608 1-4
Feb. 9	4.11	0.0468	0.0611
Feb. 10	4.11 1-4	0.0468 3-4	0.0613 3-4
Feb. 11	4.11 1-2	0.0468 3-4	0.0613 3-4
Feb. 13	4.12 1-2	0.0469	0.0614

	Reichsmarks	Belga	Yen
Gold par	$0.238	$0.139	$0.498
Feb. 7	0.2823 1-2	0.1649	0.2508
Feb. 8	0.2826	0.1651	0.2556
Feb. 9	0.2849 1-2	0.1666	0.2577
Feb. 10	0.2852	0.1667	0.2580
Feb. 11	0.2852	0.1668	0.2580
Feb. 13	0.2857	0.1675	0.2526

CLEARINGS SHOW LOWER ACTIVITY AT SHERBROOKE

Chairman States Lower Prices Also Cut Clearings

A substantial reduction in business activity was indicated in the territory served by the Sherbrooke, Que., Clearing House at the annual meeting of the clearing members.

The chairman, H. B. Wilson, in addressing the meeting stated:

"The statistics of our clearing house show a depression all along the line since the year 1929. The figures for 1932 are by far the lowest since the establishment of our clearing house in 1916. The figures for the last five years are as follows:

1928	$50,673,178
1929	54,664,852
1930	45,958,556
1931	37,092,630
1932	29,246,459

"The year 1920 with a total of $64,046,860 shows the highest figure. We must bear in mind, however, that falling off is not only due to the reduction in the volume of business, but it is due also to the reduction in prices.

"A new industry has been established in Sherbrooke during the past month, that is the Aeroxon Fly Catcher Co. of Canada Ltd., and will start operations in a few days, employing about 40 hands to start. Our silk and wool manufacturers are working about normal, but all other industries feel the effect of the depression to a great extent.

"Lumber business is very quiet.

"We have been gratified with a very good crop in the Eastern Townships, in fact we may say, all over Canada, but prices of agricultural products are so low that the farmers in general are not in a very good financial position.

"There is a lesson to be drawn from the present situation and that is a lesson in thrift, in every class of society, we have certainly spent too much during times of prosperity."

Capital Reorganization General Steel Wares Suggested to Directors

Continued Mounting Losses Likely to Bring About Action

BIG DEFICIT FOR 1932

Reduction of Bank Loans and Purchase of Bonds Features Report for Last Year

From Our Own Correspondent

MONTREAL.—Suggestion that the directors give consideration to a modification of the company's capital structure and funded indebtedness, as set forth in General Steel Wares financial statement for 1932, presages a reorganization of the Dominion's largest manufacturer of enamel, aluminum, nickel, copper and sheet metal products.

In the fall of 1927 the old-established properties of the McClary Manufacturing Co., Sheet Metal Products of Canada, Thomas Davidson Manufacturing Co., Macdonald Manufacturing Co. and the Happy Thought Foundry Co. were merged into General Steel Wares. This gave the new company control of eight plants, with branch warehouses and offices located across the Dominion.

Large Public Interest

Public financing was carried out the following month, $9,000,000 of bonds, and $4,500,000 of preferred stock being sold. The common shares were not offered to the public and until October last management control was vested in three management shares.

Operating results since the merger have not been satisfactory, large deficits having been piled up in the last three years. Bond interest has been paid regularly, but preferred dividends were discontinued in February, 1931. Inasmuch as the privileges of the management shares have expired and four quarterly dividend payments are in arrears, the preferred stock now has equal voting rights with the common, through majority control rests with holders of the common stock.

Sales Again Decline

In reporting upon operations last year John C. Newman, president, stated that the continuance of the drastic decline in sales volume and in the selling price of many of the company's products, resulted in a further serious curtailment of revenues. Though substantial economies in operaing costs have been effected the company was unable to get out of the "red" in 1932 and an operating loss of $167,543 was reported. After taking into consideration bond interest, premium on United States exchange and profits arising out of the purchase of the company's bonds, total deficit for the year amounted to $224,838. This compares with a deficit of $1,119,905 for 1931.

> **"All Can Understand"**
>
> "For years you have warned Canada of its financial situation in a manner which Lord Roberts did England before the war with about the same results, but at last Canadians seem to be waking up.
>
> I wish to thank you for the articles in "The Nation's Business." They are sound and written in a style that all can understand. Good luck to you. — *Ontario bank manager.*
>
> "I appreciate the value of your paper."—*A member of the Duff Commission.*
>
> "I rely on The Financial Post to get the real facts and things free from political bias."—*Regina Reader.*
>
> "The Financial Post appears very fair and reliable. The editorials usually show very logical reasoning." — *From Belfast, Ireland.*

Deficit Grows in 1932

Particulars of the income accounts for 1932 and 1931 follow:

	1932	1931
	$	$
Oper. loss	167,543	349,406
Add. loss	......	†200,000
Bond int.	*571,187	*569,936
Net loss	738,730	‡1,119,905
Pfd. divids.	......	78,750
Surplus	‡738,730	‡1,198,655
Prev. surp.	‡1,096,023	102,631
Balance	‡1,834,753	‡1,096,024
°Profit	513,893	......
Deficit	1,320,860	1,096,024

†Incurred in writing down inventories to market or replacement cost.

‡Deficit *Including U. S. exchange

°Capital profit on bonds retired during the year.

WORKING CAPITAL

	1932	1931
	$	$
Current assets	4,175,191	5,416,573
Current liabs.	617,582	882,470
Working capital	3,657,609	4,534,103

Reduce Bank Loans

Examination of the balance sheet at December 31, 1931, shows a contraction in asset values to $16,374,387 as against $17,730,113 at the close of 1931. Bank loans have been reduced from $630,448 to $252,235.

No provision has been made for depreciation since 1929.

Bonds and mortgages of subsidiary companies have been reduced from $240,000 to $225,000.

Buy Own Bonds

Further redemption of the company's own bonds is noted. Funded debt now stands at $7,828,000 compared with $8,679,000 at the end of the previous year. These bonds were purchased at a heavy discount, the resulting capital profit being used to write down the deficit.

There is no change in the capital stock position, dividend on the preferred being in arrears since February 1, 1931.

Among assets the only change of interest is the addition of $31,397 to fixed assets, bringing that item up to $12,159,159 compared with $12,127,762 a year ago.

The profit and loss account deficit now stands at $1,320,861 as against $1,096,024 at the close of the previous year.

Reviews Year's Operations

In his remarks to shareholders, John C. Newman had the following to say, in part:

"It will be noted that your company closed the year with a ratio of current assets to current liabilities of 6.8 to 1. This position has been maintained by a further liquidation of surplus stocks, and a rigidly controlled programme in connection with the production of new merchandise. Inventories at 31st December, 1932, were down $870,000 from 31st December, 1931. Bank loan at the close of 1932 of $252,235 compares with $630,447 a year ago.

"The bonded indebtedness of your company at 31st December, 1932, of $7,828,000 represents a reduction of $1,172,000 from the original issue of $9,000,000. The retirement of these bonds has produced a capital profit of $567,000 of which $53,000 has been taken into our accounts prior to the current year."

Ruling on Newsprint Does Not Affect Canada

From Our Own Correspondent

MONTREAL.—The British Advisory Committee of Import Duties refused the application of the Papermakers' Association of Great Britain to remove newsprint from the free list. In refusing the application, the committee pointed out that the output of newsprint in Britain had steadily increased and now amounted to two-thirds of British consumption, while imports had fallen steadily.

This decision has no effect on the position of Canadian newsprint makers. The matter was a purely domestic one and as Canadian newsprint entered England duty free it would not make any difference.

City and District Bank Reports Satisfactory Year

Speaking at the annual meeting of the Montreal City and District Savings Bank, which was held at the head office of the Bank on Monday last, the Honourable Raoul Dandurand, president, in supplementing his printed address to the shareholders, said:—

PRESIDENT'S REMARKS

The many causes of the present economic crisis having been the subject of so much discussion, I feel that you will not expect me to refer to it. However, the year which has just ended deserves some mention, if only to recall a few of the outstanding events which give it a character of its own. If on the one hand we note the astonishing comeback of Great Britain and the phenomenal success of its conversion loan, it is none the less true that the Imperial Economic Conference is a much more important event for our Country. However, we cannot foretell, just yet, what effect it will have on the bulk of our foreign trade.

The International Economic Conference to be held this year will have serious problems to solve. It will determine if there is any hope for an early readjustment of our exchanges which are the important factors in our prosperity. At present all the world wants to export while at the same time imposing stringent restrictions on imports. The question is will the Conference be able to find a general formula acceptable and applicable to all countries, the economic interests of which are so dissimilar, or will we have to take cover under special and separate covenants. Let us hope that the Conference will be able to bring about some adjustment between production and consumption.

A bountiful crop and relatively steady prices afford us some measure of comfort; but it does not follow that a return to prosperity will ensue rapidly. The upturn will be rather slow and cannot be realized until and unless the price level of industrial commodities and agricultural products are brought into adjustment. It is evident that we will all, for some time, draw a lesser income; but, the cost of living having gone down, the home budget will adjust itself to a lower scale. Such is now the general tendency and it is a hopeful sign.

Many nostrums are proposed to hasten the return of prosperity. One of the most insidious and dangerous is that of inflation which is a snare. Inflation does not create wealth; on the contrary it destroys it. The provident worker, who, by his arduous toil and, frequently, certain privations, has succeeded in putting aside a little reserve, sees his funds dwindling through inflation, because his dollar has lost its purchasing power. Such was the case with the thrifty French investors, large and small, who, on account of inflation, lost four-fifths of their savings. It may be easy for the State to issue bank notes, which are only promises to pay; but it is not so easy to redeem them. This can be done only through taxation. Therefore, the State which has not had the courage to resort to this method in the first instance prefers at times, by inflation, to eat into the savings of the rate payers rather than ask them for a direct sacrifice.

Inflation is usually adopted by countries only when their credit is exhausted and taxes can no longer be raised.

Canada is a debtor country. If inflation lowered our dollar to fifty cents, the millions which we owe abroad would thus be doubled as would also the yearly interest payments on our bonded debt.

Governments, no more than the most humble of her rate payers, can make artificial money. Notes issued by them and which constitute the circulating medium keep their value only in so far as the country's credit is upheld by sound financial management. Let us then protect our monetary standard and keep it in a healthy state. Our well-being and progress will thus be safeguarded.

Although it may be difficult to foresee what the immediate future has in store, let us face it with confidence. The History of the World is proof of the fact that, in spite of temporary setbacks, constant progress has always been the rule of humanity.

In the year 1830, the brilliant writer Macaulay, answering certain of his contemporaries who professed to believe that England had seen her best days, as she was then passing through a frightful crisis, Macaulay reminded them that often in the course of past centuries, the same prediction had been made, but that, in spite of their profound distress, the people had come into their own again through their industry and thrift, reaching each time a higher plane. What has been an unfailing certainty heretofore will surely be so again.

As to our own Institution, I fancy that we may be well satisfied with the results as shown in the accompanying yearly statement which is the 86th of this Bank. Our deposits, it is true, show a slight decrease, in common with those of the other banks, but the number of our depositors has expanded appreciably and our profits have been well sustained. The statement which is presented herewith needs little comment.

The Bank's investments are of the highest order and they appear in our balance sheet at rates considerably under current market prices. They may easily be sold at all times so that the Bank is always in position to pay substantially more than it owes its depositors.

The Bank's premises are its own property, free from encumbrances of any kind and they are entered in our books at 38% of their municipal value. We may say here that it has always been our policy to defray the cost of new buildings by means of reserves accumulated for that purpose.

The Bank's staff has been faithful to its duties and untiring in its efforts to further the welfare and progress of your Institution. We are happy to tender them this testimony of our appreciation.

THE MONTREAL
CITY AND DISTRICT
SAVINGS BANK

86th ANNUAL REPORT 86th

To the Shareholders. Montreal, February 13th, 1933.

Gentlemen:

Your Directors have pleasure in presenting the Eighty-sixth Annual Report of the affairs of the Bank and the result of its operations for the year ending December 31st, 1932.

The net profits for the year were $359,749.62 and the balance brought forward from last year's Profits Account was $327,129.38, making a total of $686,879.00. In addition to the usual quarterly distributions to its shareholders, the Bank contributed from this amount $6,500. to various charitable and philanthropic Funds — independently of the amount of $10,200.00, interest on the Charity Donation Fund, distributed as usual — leaving a balance at the credit of Profits Account of $400,379.00 to be carried forward to next year.

As usual a frequent and thorough inspection of the books and assets of the Bank has been made during the year.

The Report of the Auditors and the Balance Sheet are herewith submitted.

R. DANDURAND,
President.

GENERAL STATEMENT
DECEMBER 31st, 1932.

LIABILITIES

To the Public:		
Deposits bearing interest including interest accrued to date	$54,277,888.40	
Deposits not bearing interest	33,521.18	
Charity Donation Fund	180,000.00	
Other Liabilities	1,815,829.99	
		$56,307,239.57
To the Shareholders:		
Capital Stock (Amount subscribed $2,000,000), paid up	$ 2,000,000.00	
Reserve Fund	2,200,000.00	
Balance of Profits carried forward	400,379.00	
		4,600,379.00
		60,907,618.57

ASSETS

Cash on hand and in Chartered banks	$ 6,903,477.60	
Dominion and Provincial Government Bonds	22,279,378.21	
City of Montreal and other Canadian Municipal Bonds and Debentures	21,782,945.63	
Bonds of Canadian School Municipalities	66,862.50	
Bonds of Canadian Public Utilities Corporations	2,517,853.75	
Sundry Securities	200,000.00	
Call and Short Loans, secured by collaterals	5,766,728.76	
Charity Donation Fund, invested in Dominion and Canadian Municipal Securities approved by the Dominion Government	180,000.00	
		$59,697,246.45
Bank premises (Head Office and Branches)	$ 1,170,000.00	
Other Assets	40,372.12	
		1,210,372.12
		60,907,618.57

On behalf of the Board,

R. DANDURAND, *President.* T. TAGGART SMYTH, *General Manager.*

AUDITORS' REPORT

Having obtained all the information and explanations we have required, and having satisfied ourselves of the correctness of the Cash Balances and examined the Securities held against the money at Call and Short Notice and those representing the investments of the Bank, and having examined the foregoing Balance Sheet and compared it with the Books at the Head Office, and with the Certified Returns from the Branches, we are of opinion that the transactions of the Bank have been within its powers, and that the Balance Sheet is properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs according to the best of our information and the explanations given to us, and as shown by the Books of the Bank.

Montreal, February 9th, 1933.

C. A. SHANNON, L.I.A., C.P.A., of P. C. Shannon Son & Co.
JEAN VALIQUETTE, C.A., L.I.A., of Anderson & Valiquette
Auditors.

MONEY ORDERS
in CANADIAN, UNITED STATES
and STERLING FUNDS

1
CANADIAN FUNDS
2
UNITED STATES FUNDS
3
STERLING FUNDS
BANK MONEY ORDER

- Money Orders drawn in Canadian Funds are payable at par at all banks in Canada (excepting the Yukon District.)
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IS CANADA'S banking system antiquated and does it need to be revitalized by a central bank? Or is Canada's wonderful record of no bank failures in this, the greatest depression in history, proof that we do not need any such radical change in our banking system?

This is one of the big questions of the hour in Canada. Fiercely is it being debated in and out of Parliament. Most of the debate is carried on by those who have no adequate conception of their subject.

Recently The Financial Post published a series of articles on "A Central Bank for Canada" that made clear all the essential facts about central banking, and its possible application in Canada. It was a simple statement of the pro's and con's written for the average business man reader.

These articles were written by a recognized student of the problem, A. F. W. Plumptre, lecturer in money at the University of Toronto.

These articles have now been published in a small paper-covered book. Copies may be obtained at the nominal cost of, each 25c

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Send me .... copies of "A Central Bank for Canada," for which I enclose 25 cents per copy.

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CANADA BUD REPORTS PROFITS MAINTAINED

Dividends Earned After Adequate Depreciation Without Drawing on Surplus

Mr. C. E. Kiewel, the Managing Director, in a covering letter accompanying the Annual Statement, forwarded to shareholders of Canada Bud Breweries today, pointed out several interesting features.

He emphasized that Canada Bud Breweries Limited was one of comparatively few Canadian companies which earned and paid their dividends, after providing adequate depreciation, without drawing upon surplus.

City Club Breweries Limited, he states, the one and only subsidiary of Canada Bud Breweries Limited, had only sustained a nominal loss in its first year of operations, in spite of the fact that 1932 was one of difficult economic conditions. He points out that sales of the City Club Breweries Limited for January of this year showed a very substantial increase over January of last year.

A highly gratifying feature of the year's operations was that the lawsuit brought by Anheuser-Busch, Inc., of St. Louis, Mo., re the name "Canada Bud," had been satisfactorily terminated and Canada Bud Breweries Limited was allowed to retain its corporate name and the right to the use of its labels and trademark as at present in use.

He also draws the shareholders' attention to the fact that a substantial percentage of employes had taken advantage of the Company's offer made during the year to finance the purchase of shares at the market price, demonstrating their faith in the future of the Company.

WHEN REMITTING
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RIVERSIDE SILK EARNINGS DOWN CASH IS HIGHER

Earned $1.13 Per Share on Class A Stock Against $1.84 in 1931

Net earnings of Riverside Silk Mills Ltd. were $33,835 in 1932, equivalent to $1.13 per share on the 30,000 class A shares outstanding, as compared with $55,085, or $1.84 per share in 1931. After paying $37,500 in Class A dividends as against $60,000 in 1931, the company had a deficit of $3,665 for the year and carried forward a surplus of $458,755. Working capital position was improved through reduction in current liabilities.

Income and surplus account for 1932 and 1931 is as follows:

Income and Surplus Account, Years Ended Dec. 31

	1932 $	1931 $
Net earnings*	33,835	55,085
Less appropriations:		
Class "A" dividends	37,500	60,000
Surplus for year	†3,665	†4,915
Add: Previous surplus	463,003	468,664
Less: Tax adjustment	583	746
Balance carried forward	458,755	463,003

*After depreciation and federal income taxes.
†Deficit.

While current assets are slightly lower, cash is up to $54,606 from $21,456; inventory is slightly higher at $162,496 and accounts receivable are down to $103,072 from $145,176. Having paid off bank loans in 1931 the company has reduced accounts payable to $41,260 from $53,397 and dividend payable is down to $7,500 from $15,000. Working capital position is as follows:

Working Capital

	1932 $	1931 $
Current assets	320,173	325,426
Current liabilities	55,375	77,279
Working capital	264,798	248,147
Ratio	5.78—1	4.21—1

Real estate and buildings are shown at $235,338 and machinery and equipment at $425,666, a total of $661,004 from which is deducted $170,247 as depreciation reserve leaving book value of capital assets at $490,757. Capital stock remains unchanged with 30,000 shares of cumulative class A stock and 20,000 shares of class B stock both having no par value.

Montreal Power Stock Distribution Widens

From Our Own Correspondent

MONTREAL. — Shareholders of Montreal Light, Heat and Power Cons., as at December 31 last numbered 31,880, an increase of 345 over the total as of September 30, 1932, and an increase of 2,651 over December 31, 1931. In addition to the 31,000 odd shareholders, there are some 30,000 debenture holders.

The December 31, 1932, register also shows a continuation of the popularization process, bank and trust company holdings being reduced from 7.8 per cent, as of September 30, to 7.5 per cent of the total outstanding at the year-end, while shares in brokers' names have been reduced to 4.09 per cent from 5.0 per cent. As compared with a year ago, larger reduction in bank, trust company and brokers' holdings are shown, with a proportionate increase in the holdings of individuals, who, in the aggregate, now own 87.6 per cent (including the London register) of the company's outstanding shares.

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IS THE RISK WORTH WHILE
Business conditions have made the management and conservation of estates increasingly difficult. Is it wise then to entrust this work to any but the most experienced?
Results have proved—especially during recent years—that estates handled by corporate trustees have fared considerably better than those handled by individuals. This is not strange, as it is obvious that management by an over-burdened individual would be less effective than that of a body of men whose sole business is the care and management of funds and property.
The officers of this institution are always glad to discuss with clients and prospective clients plans for the conservation of their estates.
We invite you to make use of our services.
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This Week in Wheat

From Our Own Correspondent

Market Slump Denotes Chicago Leadership

WINNIPEG.—Wheat market action on Tuesday, when more than a cent per bushel was lost of gains laboriously made during preceding days, was decidedly disappointing. As has been the case for several weeks past market leadership came mainly through Chicago. The situation appears to depend largely on the fact that Chicago's strength for some time has been based upon expectation of extremely poor crops in the winter wheat states, and from a speculative standpoint prospects had been discounted as fully as is possible at the moment.

There are several weeks still to go before definite reports on the conditions of winter wheat will be available, and indeed the period immediately ahead is one of the most critical of the year for the winter wheat crop. The price structure might have stood up against ordinary events, but the closing of Michigan banks which appears to have been severely felt in Chicago could not be withstood without some weakening.

* * *

Canadian Exports at Low Figure

THE southern hemisphere, with Australia exporting over 7,000,000 bushels in a week and the Argentine over 4,000,000 bushels has probably reached the peak of its contributions to the world wheat market. Canada, with exports reduced to approximately 3,000,000 bushels occupied a smaller relative position in export trade than at any time during the current season.

Severe cold and heavy snow over a large part of Manitoba and Saskatchewan have reduced to very small proportions the deliveries of wheat in those provinces. Alberta farmers anxious to cash in on the premiums reflected from the Vancouver market in their province continue to deliver as weather conditions make possible. Alberta in fact, along with its Vancouver outlet, constitutes the only section of the continent where any great movement of wheat has been taking place in recent weeks and there has been a good flow both into and out of country elevators in that province. Grain delivered to country elevators in the other provinces has mainly been allowed to lie there by the elevator companies. As the opening of navigation approaches there will be a tendency to increase shipments to the head of the lakes. Although it would correspond with normal movements to forward grain now, so narrow is the margin on which business is being transacted that there is hesitation to incur the cost of freight to the terminals until it becomes necessary.

* * *

Argentine Sales in Orient Cause Surprise

ANNOUNCEMENT of the booking of two cargoes of Argentine wheat for Oriental shipment was a matter of surprise as the Argentine has in the past done very little Oriental business. It is thought that these may represent shipment of some low grade wheat, for although Argentine wheat is sold in Europe on the basis of fair average quality shipments are not always held to that quality, and some lower grade wheat has sometimes to be marketed at a discount. It would appear that the full effect of the British preferential duty has fallen on the Argentine producers, and prices of their wheat have been cut sufficiently to absorb the duty. This results in Argentine wheat being offered in continental markets at prices which undercut those at which Canadian wheat is offered, so that a good deal of Dutch, Belgian, Swiss and Scandinavian business has gone to the Argentine.

Countries with higher duties tend to prefer the higher quality Canadian wheat. The situation is accentuated by the fact that owing to the high grading of the past two crops, Canada has practically no wheat to offer lower in grade than No. 2 Northern, and most of the wheat in the latter grade is equal to No. 1 Northern except for being Garnet instead of Marquis wheat. While Canadian millers do not like Garnet, because of its special characteristics, including a yellowish tinge to its flour, some millers abroad profess to find our No. 2 this year, which is high in test weight, as good as No. 1, probably No. 3 Northern, if it were available, would be good enough to meet Argentine competition in some markets.

* * *

UNITED KINGDOM has refused to lay in stocks of Canadian wheat, but has continued a hand-to-mouth buying policy, buyers being quite confident that there would be plenty of Canadian wheat for them later on, but there does appear to be some tendency for Australian wheat to be bought ahead, or else an expectation on the part of shippers that it will be so bought, as quantities put afloat for the United Kingdom, even after allowing for heavy shipments from Australia to the Orient, are in excess of probable weekly consumption of Australian wheat when it arrives in Great Britain.

* * *

U. S. A. Farm Board Unloads Wheat

IT IS believed that the United States farm board has been unloading some of its commitments in the futures market during recent weeks. At the beginning of the crop year these amounted to 35,000,000 bushels. So far as cash wheat is concerned the farm board is understood to have little less except what has been assigned for delivery to the Red Cross to enable free distribution to be made of flour, and such deliveries are likely to continue up to July. Liquidation of futures as opportunity offers is considered to be the logical course, as the farm board has ceased to accept responsibility for the course of prices, and it will naturally desire to have as clean a sheet as possible when the change of administration takes place on March 4.

Some change of personnel is inevitable with the appointment of a new secretary of agriculture, who is ex-officio a member of the board, and appointment of other new members in sympathy with the new government is also to be expected. But the board as an institution is not tamely accepting the prospect of dissolution, and is conducting vigorous propaganda, both on the air and through the mails, designed to inculcate a belief in its usefulness in spite of the failure of its price stabilization projects.

Grain and Milling in Canada

LOW GRAIN PRICE SWELLS OUTPUT OF CHOPPED FEED

Report on 1931 Milling Indicates Trend of Production

FLOUR DECLINES

Mill Capacity is Reduced — Capital Invested in Milling Industry Lower

From Our Own Correspondent

MONTREAL.—Effect of low grain prices on production of chopped feed are reflected in the government report on the flour milling industry for 1931. While flour output sank to the lowest level in the past 11 years production of chopped feed rose to 861,497 tons, an increase of 13,000 tons over 1929 and comparing with 526,581 tons in 1917. Total value of feed in 1931, however, was $20,491,265 against $21,305,812 in 1917 when output was lower by some 345,000 tons.

Reason for increased production of feed is seen in low grain prices. The report shows that the average cost per bushel of wheat ground into flour was 66 cents against $1.16 a bushel in 1930 and it is indicated that a larger volume of high grade feed was made available as a result of low prices prevailing for all grain. This factor should also find reflection in figures for 1932 with consequent benefits to the livestock industry.

Increased production of oatmeal and rolled oats are also a feature of the 1931 report on milling. During the year output in this division was 915,583 barrels, a gain of 85,000 barrels over the 1929 period.

Flour Output Slumps

Though low grain prices tended to boost production of chopped feed and rolled oats, output of flour fell to 14,887,998 barrels compared with 15,624,267 in the previous year. With the exception of 1920 the 15 years covered in the report show no figure to compare with that of 1931. In 1924 production reached the high total of 21,076,733 barrels.

Decline in production has been due to falling off in exports which dropped from 10,737,266 barrels in 1928 to 5,697,224 barrels in 1931. Decline in exports has been offset marginally by an increase in domestic consumption, and per capita consumption of flour in Canada in 1931 was .88 barrels compared with .82 barrels in the preceding year. Value was down from $5.39 to $3.52.

Values Drop Sharply

Difficulties faced by the mills are seen in selling values of flour. Average cost per barrel was $3.80 in 1931 compared with $5.80 per barrel in 1930 and $11.55 in 1920. Total selling value in 1931 was $56,596,846, down from $90,713,659 in the preceding year. It is interesting to note that in 1920 when production was 13,658,714 barrels (over a million barrels less than 1931) selling values were $157,806,849.

Principal products of the milling industry in 1931 as represented by the total selling value at the factory were wheat flour, all grades, $56,596,846; chopped feed, $20,491,265; bran, shorts and middlings, $7,904,894 and oatmeal and rolled oats, $5,686,784.

Capacity is Reduced

Number of establishments in operation were 1,265 in 1931, a decrease of 12 from the previous year. Grist and flour mills were down by 11 units and there was a reduction of one in feed mills. Productive capacity has been lowered to 112,048 barrels daily, compared with 117,407 barrels in 1930. Capital invested in the flour milling industry amounted to $61,069,192 down from $62,617,007 at the end of 1930.

The reduction in daily capacity indicates that older mills are gradually being closed up or dismantled, and further declines may be expected when the report for 1932 makes its appearance. Over capacity is one of the greatest problems of the milling industry; during 1928 productive capacity reached about 121,000 barrels a day. Since that time there has been a steady decline in output and mill activities have been on a diminishing basis. During 1932 flour mills operated at less than 50 per cent of capacity.

January Exports Higher

Exports of flour in January, 1933, showed an improvement over the same month last year, amounting to 397,304 barrels compared with 331,806 barrels in January, 1932. Reflecting low selling prices, however, total values was $1,162,046, a decline of $9,000, compared with the previous year.

For the first six months of the current crop year, exports continued on a lower scale. Total shipments in the six months period ended January, 1933, were 2,710,490 barrels compared with 2,896,805 barrels in the same period in the previous year. Shipments to the United Kingdom showed a gain of 112,000 barrels at 1,227,612 barrels, but this gain was offset by a decrease in exports to other countries, which fell by 300,000 barrels to 1,482,546 barrels.

Canadian Ports Gain at Expense of U. S. A.

Records of Past 30 Years Show Steady Slump in Volume of Canadian Trade Through U. S. A. Ports

Failure of a second test shipment of Canadian wheat out of New York to qualify for the British preference has again focussed attention on one of the primary requirements of Empire preferential treaties, namely that trade, in order to qualify for such preferences must be carried on direct and not via another country, such as, in the case of Canada, the United States.

In the annual review of Canada's trade for the last fiscal year which has just been published at Ottawa, an illuminating tabulation appears which shows the amazing change which has taken place in the past six years in the development and use of Canadian ports in regard to trade which formerly was carried on via the United States.

Volume Drops $275,000,000

It shows that whereas in the fiscal year ending March, 1926, Canada exported $330,000,000 of commodities and merchandise via the United States, the corresponding figure for the fiscal year ending March, 1932, was $64,000,000. Similarly imports via the United States were cut by almost one-third from $14,000,000 to $4,960,000.

Obviously in the intervening years the dollar volume of trade had declined considerably but even the figures showing the percentage which trade via the United States bore to total trade are arresting.

Percentage figures extending back to the beginning of the present century reveal that the proportionate volume of Canadian exports shipped to all countries via United States ports is now smaller than in any year since the turn of the century. The figure for the fiscal year ending March 31, 1932, shows exports via U. S. A. ports to be but 18.7 per cent of total trade in that year as against a corresponding figure of 27 per cent the previous year. The highest movement of export trade — proportionately — through United States ports was in the fiscal years 1914 and 1923 when 41 per cent of total trade moved out via the United States.

Imports at New Low Level

Of total imports less than two per cent have entered through United States ports in the past fiscal year—this percentage having dwindled almost steadily since the time of the original Empire preference proposals of 1897. In the fiscal year ending March, 1898, no less than 35 per cent of Canada's total import trade entered Canada via United States ports. Between 1868 and 1898 the average of imports through U. S. A. ports varied between 20 and 25 per cent.

Comparative figures for typical years, with volume of imports and exports grouped according to U. K., other empire and foreign countries, are as follows:

CANADIAN TRADE VIA UNITED STATES PORTS

Imports:	1932 $	%*	1922 $	%*	1912 $	%*
United Kingdom	202,400	.2	3,070,000	2.6	8,561,500	7.8
Other Empire countries	659,900	1.6	3,341,000	10.5	4,316,000	21.1
Foreign countries	4,097,900	5.2	5,686,000	6.9	9,144,500	17.1
Total trade	4,960,200	2.2	12,097,000	5.2	22,022,000	11.5

Exports:	1932 $	%*	1926 $	%*	1922 $	%*
United Kingdom	44,683,000	25.5	237,797,500	46.7	102,148,200	34.0
Other Empire countries	4,594,000	10.1	21,687,900	23.8	7,490,000	15.9
Foreign countries	14,964,000	12.2	70,466,600	29.0	37,788,500	36.9
Total trade	64,241,000	18.7	329,952,000	39.1	147,427,300	32.8

*Percentage of total trade via United States ports.

Reasons For Change

Reasons for this change are attributed by the Dominion Bureau to provisions in trade treaties and agreements that goods must be imported direct to obtain the full benefits of tariff concessions, and also to additional concessions to goods imported direct under the preferential tariff.

The change is most marked in the case of trade with the British Empire. In the fiscal year ending March, 1932, the percentage of Canadian exports sent to British Empire countries via the United States dropped to just over 10 per cent of total Empire trade. This compares with a peak of 37.5 per cent in 1919 and is the lowest figure recorded since 1900. In only one other year, namely 1921, has the ratio fallen below 15 per cent.

Imports from Empire countries via United States ports have also steadily dwindled. At one time—in the early years of the present century—as much as 30 per cent of our total trade from Empire countries entered Canada via United States ports. In the past three years the ratio has dropped to less than two per cent.

Wheat Ruling Important

Undoubtedly a further substantial change in these figures will occur as more and more wheat is shipped to Great Britain via Canadian ports in order to comply with the requirements of the British preference. Strictly comparable figures are difficult to obtain, but for the crop year ending July 30, 1931, Canadian exports of wheat to United Kingdom, according to revised returns, and excluding wheat diverted en route to other countries, amounted to 70,000,000 bushels of which 21,500,000 bushels or 30 per cent was exported via United States ports.

It is this particular item which in that year represented about $14,000,000 of trade or almost one-fifth of Canada's total exports to United Kingdom (via the United States) which will be affected by the recent test rulings on the S.S. Britannic and the S.S. Laconic.

CHURCHILL COST CANADA IN 1932 ABOUT $2,700,000

Freight Handled by Port Totalled Only 75,000 Tons in 1932

There was an actual loss of between three and four thousand dollars on the operation of the Hudson Bay railway last year to which must be added $64,000 maintenance charge and the interest on the investment of between $53,000,000 and $54,000,000, Hon. R. J. Manion, Minister of Railways and Canals, told the House of Commons recently. Taking the interest on this $53,000,000 at 5 per cent, therefore, the total cost of the Hudson Bay railway and Churchill terminal during 1932 amounted to approximately $2,700,000.

Dr. Manion felt that there was little likelihood of insurance companies lowering their rates on cargoes out of the Hudson Bay terminal as he pointed out that the loss of the "Bright Fan" had wiped out any profits that there were in the business. He said that while no definite decision had been reached with regard to port charges for grain handled, he believed that some charges on a low scale would be instituted in the coming season.

Traffic 75,000 Tons

Freight traffic out of Churchill during the 1932 season aggregated less than 75,000 tons, 2,736,029 bushels of wheat weighing 73,287 tons making up the bulk of the cargoes. In all, ten vessels used the port being loaded with full cargoes of grain; in addition there were 431 tons of flour shipped through the port, 275 tons of rolled oats, 75 tons of oatmeal and 50 tons each of bran and shorts.

The first westbound cargo was discharged there last season and consisted of 374 tons of general merchandise from Great Britain and Belgium. Commodities included glass, binder twine, barbed wire, netting, steel bars, confectionery, spirits and tableware.

Season 1933

It is expected that the initial departure from the United Kingdom for Churchill this year will take place around the middle of July, though this depends primarily on ice conditions in Hudson Strait. The Pennyworth, which was the first ship to sail from Great Britain last season for the Hudson Bay port, left Antwerp on August 2 after clearing several days previously from the United Kingdom. The Sierentz sailed from Oran on July 25 for Churchill.

Harbor facilities now available at Churchill include a dock of 1,854 feet in length, which can accommodate vessels drawing down to 30 feet at low tide. There is a modern grain elevator with storage capacity for 2,500,000 bushels, having a conveyor system capable of loading three steamers at a rapid rate simultaneously. A freight shed, 300 feet long and 175 feet wide, has been erected, and tihs is said to be served adequately by railway tracks.

Reliance Grain Third Test Cargo Held Unlikely

It is very unlikely now that the second grain shipment via New York on the Britannic has been refused the British preference of six cents a bushel that the Reliance Grain Co., of Winnipeg, will make a third test shipment, according to Sydney T. Smith, president of the company.

Mr. Smith said that he believed that British customs officials were still considering future documentation of Canadian wheat through United States ports and that the case was not yet closed.

The ruling of the British customs authorities means that Canadian wheat must be shipped through Canadian ports to get the benefit of the preference, Prime Minister Bennett told the House of Commons on Feb. 13. The shipment by the Britannic was sent in bond from the head of the lakes to New York for shipment.

Winnipeg Grain Prices

Week to February 14

Crop year from Aug. 1, 1932 High	Low		Open Feb. 8	High for week	Low for week	Close Feb. 14
		Wheat				
.67⅝	.40½	May	.47½	.48⅝	.47¼	.47⅝
.54⅞	.41¾	July	.48¼	.49⅝	.48¼	.48¼
.50¾	.46⅛	October	.49½	.50⅝	.49⅜	.49½
		Oats				
.29½	.21⅛	May	.24½	.25⅛	.24	.24
.26	.21½	July	.24	.24	.23	.23
.23½	.21⅞	October	.22¾	.22⅞	.22¼	.22¼
		Barley				
.38½	.26⅛	May	.29⅝	.29⅞	.29	.29⅛
.35¾	.26	July	.....	.29½	.28⅜	.28⅜
.29½	.27⅛	October	.....	.28⅝	.28⅛	.27⅛
		Flax				
.94	.71¼	May	.79⅝	.81¼	.78⅞	.78⅞
.84½	.71⅝	July	.80	.80¾	.78¾	.78¾
.84	.76	October	.....	.80¾	.79	.79
		Rye				
.42⅞	.30¼	May	.34⅝	.34¾	.33¼	.33½
.37	.31	July	.34⅝	.35⅛	.34½	.33⅞
.35⅞	.34¾	October	.....	.35⅞	.34⅝	.34¾

ESTD 1857
Grain Merchants
Shippers & Exporters
75 Years' Experience in Domestic and Foreign Marketing of Grain
Pioneers in the Exporting of Grain from Western Canada
Correspondents in Every Foreign Port where Canadian Grain is sold
JAMES RICHARDSON & SONS
LIMITED
OFFICES:
EXECUTIVE OFFICES - WINNIPEG EXPORT OFFICES - MONTREAL, VANCOUVER
KINGSTON-TORONTO-CALGARY-EDMONTON-MOOSE JAW-SASKATOON-REGINA

Western Premiers Say Credit Must Be Kept Good

Statements by Western provincial premiers and their cabinet ministers do not reflect any intention to enact very drastic legislation in favor of the debtor at the sessions now going on or about to open. While desiring creditors to give all possible consideration to the cases of debtors unable through no fault of their own to pay, and while providing machinery to permit delays and even adjustments of debts, they disavow the intention to enact moratoria or any legislation which smacks of repudiation. They realize that credit is the breath of life to Western agriculture and that relief schemes now prosecuted could not have been made effective without timely aid from lenders. The situation on many farms in every constituency is very bad, however, and all the followers of the Premiers are not of this mind.

Manitoba Government is reported to intend no new legislation, being satisfied with present provisions.

Saskatchewan Government claims it has co-operated with other Prairie Governments to secure voluntary action from mortgage, trust and loan companies toward debt adjustment. It is consolidating its own arrears of taxes and is permitting every municipality in the province to do the same over a six-year period. The speech from the throne said debt adjustment would be discussed.

Alberta legislation dealing with the debtor and creditor situation will take the form of amendments to the Debt Adjustment Act, the Judicature Act and the Seizures Act with the idea of giving the debtor greater protection. Amendments are designed to make clear the right of the man on the farm to living expenses, cost of harvesting his crop and money to pay taxes before meeting other calls.

NORRIS GRAIN COMPANY LIMITED
Grain Exchange—Winnipeg 197 Bay Street—Toronto
PRIVATE WIRE SERVICE
Consignments and Futures Solicited
Offices:
Liverpool, London, Chicago, New York, Toledo, Kansas City

WESTERN GRAIN COMPANY LIMITED
Country Elevators Serving the Producers
in
MANITOBA, SASKATCHEWAN AND ALBERTA
WESTERN TERMINAL ELEVATOR, FORT WILLIAM
Cash and Futures Business Solicited
HEAD OFFICE: GRAIN EXCHANGE, WINNIPEG

Northern Elevator Company
Limited
Incorporated 1893
OLDEST ESTABLISHED GRAIN FIRM IN CANADA
40 YEARS OF CONTINUOUS PUBLIC SERVICE
Head Office:
GRAIN EXCHANGE — WINNIPEG, MAN.

N. BAWLF GRAIN CO. LTD.
ESTABLISHED 1881
HEAD OFFICE — WINNIPEG, MAN.
Branch Offices:
CALGARY, ALTA.; EDMONTON, ALTA.; YORKTON, SASK.
Owning and operating 150 country elevators and
BAWLF TERMINAL ELEV., PORT ARTHUR, ONT.
CAPACITY 2,500,000 BUS.

THE CANADIAN CONSOLIDATED GRAIN
COMPANY LIMITED
Operators of Country Elevators in Manitoba and Saskatchewan and Terminal Elevators at Fort William and Port Arthur
Grain Commission Merchants—Shippers and Handlers of All Grains
Head Office: WINNIPEG, CANADA

The Alberta Pacific Grain Company Limited
(Licensed and Bonded with the Board of Grain Commissioners)
- OPERATING -
375 Country Elevators
Terminal Elevators at Vancouver
Capacity 6,500,000 Bushels
275 Coal Sheds
Offices:
WINNIPEG - CALGARY - VANCOUVER

RELIANCE
GRAIN COMPANY LIMITED
Owners and Operators Country Elevators and Terminals
Exporters and Shippers
New York:
Smith Murphy Co. Inc., 510 Produce Exchange
Head Office 919 Grain Exchange Winnipeg
Branch Offices: Toronto and Vancouver

A. J. Pattison, Jr. & Co. LIMITED
INVESTMENT BANKERS
Dealers in Unlisted Bonds and Shares
Royal Bank Bldg. (Third Floor) Toronto, 2 Elgin 5101 10 Lines

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58th Annual Report

of the

MUTUAL RELIEF LIFE INSURANCE COMPANY

Head Office: Kingston, Canada. Founded April 16, 1874.
As at December 31, 1932

ASSETS

Real Estate:		
(a) Office Premises	$122,535.68	
(b) Other—held for sale (net)	32,492.26	$155,027.94
Mortgages on Real Estate		
Loans on Collateral		717,000.00
Loans on Policies		35,000.00
		273,820.61
Bonds and Debentures at amortized book value	3,658,351.58	
Less deficiency of market value under book value of bonds in default	221,241.38	3,437,110.20
Stocks at market value		
Cash on hand and in bank		152,681.90
Outstanding Premiums due and deferred (net)		50,192.48
Agents' Balances		52,397.85
		2,594.28
Interest, dividends and rents due and accrued		81,925.73
		$4,957,750.99

LIABILITIES

Policy Reserves according to Statutory requirements	
Reserve for unpaid and unreported claims	$4,694,102.00
Policy proceeds left with the Company including dividends and interest accumulations	50,512.67
Premiums paid in advance	8,974.28
Agents' credit balance	29,172.86
Taxes and Expenses due and accrued	631.21
Contingency Reserve	13,700.00
Other Liabilities	20,000.00
Undivided Surplus	18,688.92
	121,969.05
	$4,957,750.99

PRESIDENT
J. C. Connell, M.A., M.D., LL.D.

VICE-PRESIDENTS
W. McDonald
D. A. Shaw

ASST. GENERAL MANAGER AND SECRETARY
W. T. Fortye

ACTUARY
H. H. Blakeman, B.A., F.A.S., F.A.I.A.

SUPERINTENDENT OF AGENCIES
W. P. Black

A Purely Mutual Company
Every Policyholder a Shareholder

TWENTIETH ANNUAL REPORT
OF

The Waterloo Trust and Savings Company

DECEMBER 31st, 1932

ASSETS AND LIABILITIES

ASSETS

CAPITAL ACCOUNT			
Office Premises, Waterloo and Kitchener, including Safe Deposit Vault, etc., and fixtures, Galt and Preston			$ 199,935.00
Other Real Estate			85,298.43
Demand Loans Against Securities			
Loans on Company's own Stock	$ 46,604.00		
Loans on other securities	371,879.53		418,483.53
Dominion and Provincial Gov't. Bonds	149,037.28		
Canadian Municipal Bonds	217,415.71		
Other Bonds and Debentures	544,545.99		910,998.98
Other Assets			26,683.22
Advances to Estates under administration			23,480.40
Cash on hand and in banks			27,371.47
			$1,692,251.03
GUARANTEED TRUST ACCOUNT			
Mortgages	$5,325,652.80		
Interest due and accrued	147,112.27		5,472,765.07
Dominion and Provincial Bonds	331,943.59		
Dominion and Provincial Guar'td. Bonds	392,850.61		
Canadian Municipal	1,331,512.65		2,056,306.85
Demand Loans against Securities	124,490.79		
Interest due and accrued	1,631.25		126,122.04
Cash on hand and in banks			173,444.04
			$7,828,638.00
ESTATES, TRUST & AGENCY ACCOUNT			
Mortgages	$ 465,710.70		
Sundry Trust Investments	196,776.04		
Cash on hand and in banks	66,435.72		
Value of Unrealized Estate Assets	114,422.72		
			2,649,793.30
			$3,493,138.48
			$13,014,027.51

LIABILITIES

CAPITAL ACCOUNT	
Capital Paid-up	$ 1,000,000.00
General Reserve	200,000.00
Investment Reserve	200,000.00
Loan re Government Bonds	250,000.00
Dividend declared (Paid Jan. 2, 1933)	30,000.00
Profit and Loss	12,251.03
	$1,692,251.03
GUARANTEED TRUST ACCOUNT	
General Guaranteed Investment Receipts	$3,640,707.25
Trust Deposits	4,187,930.75
	$7,828,638.00
ESTATES, TRUST & AGENCY ACCOUNT	
Trust funds for Investment	$ 819,864.78
Advances from Capital Funds	23,480.40
Inventory value of unrealized Estate Assets	2,649,793.30
	$3,493,138.48
	$13,014,027.51

E. F. SEAGRAM,
President.

C. V. WILSON,
Managing-Director.

To the Directors and Shareholders of The Waterloo Trust and Savings Company:

GENTLEMEN:—

We beg to report that we have audited the books of account and vouchers of the corporation for the year ending December 31st, 1932, and have verified the cash, bank balances, and securities of the corporation.

That we have examined the annexed statement, and that it agrees with the books of the corporation.

That after due consideration we have formed an independent opinion as to the position of the corporation.

That with our independent opinion so formed, and according to the best of our information and the explanations given us, we certify that in our opinion the statement sets forth fairly and truly the affairs of the corporation.

That all transactions of the corporation that have come within our notice have been within the powers of the corporation.

Respectfully submitted,

J. F. SCULLY, C.A.,
R. P. UFFELMANN, C.A., Auditors.

Kitchener, Ontario, January 26th, 1933.

WEEK'S CANADIAN STOCK AND BOND QUOTATIONS

Montreal, Toronto and Curb Markets

WEEK ENDING FEBRUARY 13

x Quotations for 1932. No sales recorded in 1933 to date.
† Quotations for 1931.
‡ Quotations for 1930.
b New York Quotations.
▲ Stock dividend.
♦ On account of arrears covering quarter ended Mar. 31, 1932.

Unlisted Canadian Stocks

(Furnished by A. J. Pattison, Jr. & Co., Limited) Investment Bankers, Toronto

February 14, 1933

Industrial Stocks	Bid	Asked
Acadia Sugar c.	.30	.60
Acadia S. 6% pfd.	2.70	3.25
Acme Farmers Dairy 7% pfd	59.00	65.00
Acme Glove pfd. bonus c.	7.50	9.00
Agnew Surpass 7% pfd.	59.00	63.00
Allens Beach 7% pfd. bonus c.	31.00	....
Allens College 7% pfd. bonus c.	31.00	....
Allens London 7% pfd. bonus c.	31.00	....
Allens St. Cath. 7% pfd. bonus c.	31.00	....
Allens St. Clair 7% pfd. bonus c.	31.00	....
Allens Toronto 7% pfd. bonus c.	16.00	....
Andian Nat. Corp.	20.00	23.00
Atlantic Sugar "A" pfd.	70.00	....
B.C. Pulp & Paper pfd.	5.00	8.00
Burns pfd. bonus c.	3.00	450
Canada & Dom. Sugar	21.75	22.75
Canada Machinery com.	2.50	5.00
Canada Machinery, pfd.	14.00	....
Canada Packers, com.	10.00	12.00
Canada Packers 7% pfd.	72.00	....
Canada Starch 7% pfd.	61.50	68.00
Canada Tea 7% pfd.	48.00	54.00
Canada Wire & Cable 6½% pfd WW	....	70.00
Can. Industries com. "A"	72.00	....
Can. Industries com. "B"	69.50	73.00
Can. Industries 7% pfd.	115.00	....
Can. Westinghouse	35.00	....
Claude Neon Gen. Adv. Units	15.00	17.25
Claude Neon Gen. adv. com.	.25	.85
Dom. Foundries & Steel 8% pfd.	....	64.00
Dom. Foundries & Steel com.	....	4.50
Dom. Manufacturers 7% pfd.	60.00	69.00
Dunlop Tire 7% pfd.	40.25	....
Eastern Dairies Ltd. 7% pfd.	49.00	54.00
Edmonton Stockyards Units	38.00	52.00
Federal Grain 6½% pfd.	20.00	25.00
Gen. Steel Wares pfd.	5.50	7.00
Goderich Elevator & Transit	6.25	7.75
Greening Wire 7% pfd	....	60.00
Guardian Realty 7% pfd.	....	23.00
Guelph Carpet 6½% pfd. bonus	65.00	72.00
Guelph Carp c.	4.00	....
Inter. Proprietaries "A"	24.50	26.50
Langleys Ltd. 7% pfd.	....	34.00
Loew's London c.	.35	.90
Loew's London 7% pfd.	3.00	4.50
Massey-Harris 5% pfd.	11.50	....
Mount Royal Hotel com.	.25	....
Mount Royal Hotel 6% pfd.	3.00	5.00
National Grocers com.	.55	1.10
National Grocers 7% 2nd pfd.	40.50	45.00
National Sewer pipe com.	5.00	....
Neilson, Wm., com.	4.50	....
Paramount Kitchener pfd.	27.00	....
Paramount Oshawa com.	4.00	....
Paramount Oshawa pfd.	29.50	....
Provincial Paper 7% pfd.	29.00	34.00
Reliance Grain 6½% pfd.	43.00	....
Rolland Paper 6% pfd. W.W.	27.50	....
Standard Clay Products com.	....	13.00
Standard Fuel 6½% pfd. bonus	57.00	....
Ind. Stock cont'd.		
Supersilk pfd. bonus	24.00	....
Supertest Petroleum "B"	17.00	20.00
Toronto Elevators 7% pfd.	73.25	....
Western Grain 6½% pfd. bonus	15.25	22.00
Willards Chocolates pfd.	....	19.50
Insurance Stocks:		
British American Assoc.	30.00	40.00
Canada Life Assce.	400.00	460.00
Canadian Fire Ins.	50.00	60.00
Confederation Life 20" pd.	125.00	135.00
Continental Life 20% pd.	40.00	50.00
Crown Life Ins.	85.00%	100.00%
Dominion Fire Ins.	83.50	....
Dominion Life 50% pd.	....	260.00
Dom. of Can. Gen. Ins.	106.00	120.00
Excelsior Life 30% pd.	80.00	90.00
Fidelity Ins. of Can.	....	70.00
Great-West Life Assce.	230.00	245.00
Guar. Co. of N. A.	240.	....
Halifax Fire Ins.	9.50	10.75
Imperial Life	243.00	256.00
Manuf. Life Ins.	245..00	....
Monarch Life 10% pd.	17.00	....
National Life 25% pd.	60.00	70.00
Saskatchewan Life 10% pd.	8.00	12.50
Sovereign Life 25% pd.	17.50	....
Sun Life Assur.	315.00	340.00
Western Assur. c.	14.00	....
Western Life 20% pd.	7.00	....
Trust & Loan Stocks:		
Can. Amer. Trust Shares	2.30	3.00
Can. Gen. Invest. Ltd.	3.00	3.20
Chartered Trust	....	68.50
Debenture & Sec. 5% Pfd.	10.00	20.00
Eastern Can. Sav. & Loan	104.00	110.00
Eastern Trust	141.00	150.00
Guelph & Ont. Inv. par $50	44.00	55.00
Investment Foundation Units	19.75	....
Lambton Loan & Savings	50.00	58.00
London & Western Trust	77.50	....
Mortgage Disct. pf.	2.30	3.00
Premier Trust	64.50	....
Provincial Bk.	92.00	98.00
Security Loan & Savings	95.00	104.00
Sherbrooke Trust	100.00	111.00
Sterling Trust	52.00	58.00
Traders Finance c.	....	.60
Traders Finance 7% "A" pfd.	19.00	22.00
Trusts & Guar.	39.00	47.00
Victoria Trust & Savings	140.00	160.00
Waterloo Trust & Savings	100.00	115.00
Power Issues:		
B. C. Elec. Pwr. & Gas pfd.	88.50	90.00
Calgary Power 6% pfd.	....	65.50
Can. Light & Power com.	14.00	18.00
Can. West. Nat. Gas L.H.& P. c.	20.00	....
Do., pfd.	70.50	73.00
Great Lakes Pwr. 7% pfd.	....	65.00
Maritime Tel. & Tel. com.	8.00	9.45
Do., 7% pfd.	10.25	11.75
N. B. Tel. com.	6.75	7.75
Nova Scotia L. & P. 6% pfd.	71.00	79.00

Recent London Quotations:

Brewers & Distillers	3s. 3d.
Can. & For. sec.	3s. 9d.
Can. West Lumber	1s.
Hudson's Bay	18s. 9d.
Do., 5% pref.	71s. 3d.
Internat. Holdings	$1½
Nfld. Pr. & Pap. deb. stock "B"	88
Trust & Loan of Can.	9d.
Can. Fire Insur.	50 ..

Active Unlisted Bonds

(Furnished by A. J. Pattison, Jr. & Co., Limited)
February 14, 1933

Industrial Bonds:	Bid	Asked
Abitibi P. & P. 5% 1953	16.50	18.00
Acadia Sugar 6% 1946	85.00	87.50
Alta. Pac. Grain 6% 1946	73.00	76.00
American Sales Book 6% 1939	105.00	....
Arnold Bros. 6% 1947	25.00	35.00
B. A. Oil 5% 1945	85.00	88.00
Can. Biscuit 6½% 1946	23.00	27.50
Can. Bread 6% 1941	83.00	85.00
Can. Cement 5½% 1947	69.00	72.00
Can. Steamship 6% 1941	17.50	19.00
Can. Bakeries 6½% 1945	50.00	60.00
Can. Canners 6% 1950	....	78.00
Can. Copper Refin. 6% 1945	103.00	....
Can. Cottons 5% 1940	82.00	85.00
Can. Vickers 6% 1947	61.00	64.00
Cons. Invest. 4½% 1959	27.00	31.00
Cosmos Imp. Mills 6½% 1944	80.00	85.00
Davies, Wm. 6% 1942	86.00	90.00
Debenture & Sec. 4% 1936	53.00	56.00
Dom. Manufacturers 6% 1933	95.00	....
Dom. Tar & Chemical 6% 1949	59.00	62.00
Dom. Telegraph 5½% 1978 "A"	82.00	87.50
Dom. Textile 6% 1949	98.00	100.00
Dom. Woollens 6% 1948	11.00	14.00
Donnacona Paper 5½% 1948	15.00	18.00
Eaton Realty 5% 1949	77.00	80.00
Famous Players 6% 1948	55.00	65.00
Famous Players 6½% 1948	37.00	42.00
Federal Grain 6% 1949	72.00	74.00
Fraser Cos. 6% 1932	10.00	....
Fraser Cos. 6% 1950	10.00	....
Galt Brass 7½% 1941	....	30.00
Goodyear Cotton 6% 1949	98.00	....
Great Lakes Paper 6% 1950	18.00	20.00
Gypsum, Lime & Alab. 5½% 1948	....	37.00
Harris Abattoir 6% 1947	87.00	90.00
Howard Smith 5½% 1953	55.50	....
Loew's Toronto 6% Serial	99.00	....
London Realty 6½% 1950	87.00	40.00
Maple Leaf Milling 5½% 1949	....	43.00
Massey-Harris 5% 1947	52.00	56.00
McColl-Frontenac 6% 1949	84.00	86.00
McKinnon Industries 6½% 1945	98.50	....
Mercury Mills 5½% 1953	....	40.00
Metropolitan Bldg. 7% 1944	88.00	....
Nor. Ont. Bldg. 6½% 1939	58.00	63.50
Price Bros. 6% 1943	30.00	33.00
Richmond Bay 6½% 1947	63.00	67.00
Rolland Paper 5½% 1948	74.00	....
Simpson's Ltd. 5½% 1949	50.00	55.00
Simpson's Ltd. 6% 1949	50.00	55.00
Steel of Canada 6% 1940	103.00	106.00
Toronto Carpet 6% 1944	75.00	80.00
United Gas & Fuel 5½% 1948	53.00	56.00
United Grain Growers 5% 1948	75.00	77.00
United Grain Growers 5½% 1949	76.00	79.00
Western Grain 6% 1949	59.00	63.00
Public Utility Bonds:		
Bell Telephone 5% 1955	114.00	116.00
Bell Telephone 5% 1957	114.50	116.00
B. C. Power 5½% 1960	81.00	83.00
B. C. Telephone 5% 1960	91.00	94.00
Calgary Power 5% 1960	75.50	78.00
Can. Northern Pwr. 5% 1953	76.00	80.00
Duke Price Pwr. 6% 1966	63.50	65.00
Elect. Develop. 5% 1933	117.00	120.00
French Natl. Mail SS 6% 1952	122.00	125.00
Gatineau Pwr. 6% 1941 "A"	58.00	61.00
Gatineau Pwr. 5% 1956	78.50	81.00
Maclaren Quebec 5½% 1961	76.50	78.00
Manitoba Power 5½% 1951	47.00	50.00
Montreal Isl. Pwr. 5½% 1957	101.50	105.00
Montreal LH&P 5% 1951	107.50	110.00
Montreal LH&P 5% 1970	107.00	109.00
Montreal Tram 5% 1941 July	98.00	100.00
Montreal Tram 5% 1955	77.00	79.00
Northwest. Utilities 7% 1938	90.00	95.00
Ottawa Valley Pwr. 5½% 1970	98.00	100.00
Quebec Power 5% 1968	94.00	96.00
Rio Tramways 5% 1935	92.00	....
Shawinigan W&P 4½% 1970	66.00	68.00
Shawinigan W&P 5% 1970	75.00	80.00
Shawinigan W&P 6% 1937	89.00	92.00
Southern Can. Pwr. 5% 1955	96.00	97.00
West Kootenay Pwr. 5% 1956	92.00	95.00
Government, Provincial & Railway Bonds:		
C.N.R. 4½% 1951 Dom. Gtd.	99.25	100.00
C.N.R. 4½% 1957 Dom. Gtd.	99.25	100.00
C.N.R. 5% 1969 Dom. Gtd.	104.50	105.25
C.P.R. 4½% 1944	75.00	77.00
C.P.R. 5% 1954	88.50	90.00
Dom. of Can. 5% 1936	102.50	103.50
Dom. of Can. 5% 1941	103.50	104.00
G.T.P. 3% 1962 Dom. Gtd.	80.50	82.00
G.T.P. 4% 1962 Dom. Gtd.	93.00	94.00
Ont. Hydro 3½%, 4%, 5%, 1952 Ont. Gtd.	91.00	91.50
Ont. Hydro 4¾% 1970 Ont. Gtd.	99.00	100.00
Ont. Hydro 4% 1957 Ont. Gtd.	91.50	93.00
Prov. of N. B. 5½% 1950	103.00	104.00
Prov. of Ont. 4½% 1944	101.75	103.00
Prov. of Ont. 5% 1948	103.00	103.50
Prov. of Ont. 5½% 1947	107.50	108.25

Active Provincial and Municipal Bonds

Quotations furnished by A. E. Ames & Co., Canada Permanent Building, Toronto, Ont.

February 14, 1933

	Rate	Actual Maturity	Next Int. Date	Price	Yield
*Alberta	4½	1 Oct., 1958	1 Apr.	84.00	5.68
Alberta	5	1 July 1948	1 July	93.00	5.90
Alberta	6	1 Mar., 1947	1 Mar.	99.50	6.05
*British Columbia	4½	1 Oct., 1953	1 Apr.	85.50	5.69
*British Columbia	5	15 Jan., 1948	15 July	95.50	5.44
British Columbia	6	15 Feb., 1947	15 Aug.	100.00	6.00
Manitoba	4	1 July 1947	1 July	81.00	5.98
*Manitoba	5	2 Dec., 1959	2 June	93.00	5.50
Manitoba	6	1 Apr., 1947	1 Apr.	100.00	6.00
*New Brunswick	4	1 June 1948	1 June	91.32	4.80
*New Brunswick	4½	15 June 1936	15 June	100.00	4.80
New Brunswick	5½	1 May 1950	1 May	104.50	5.10
*Nova Scotia	4½	15 Nov., 1948	15 May	99.25	4.57
Nova Scotia	5	1 May 1943	1 May	103.00	4.63
*Ontario	4½	1 Sept., 1944	1 Mar.	103.50	4.13
Ontario	5	15 Oct., 1948	15 Apr.	104.25	4.62
Ontario	5½	1 Feb., 1947	1 Aug.	108.25	4.69
P. E. I.	4	1 Apr., 1939	1 Apr.	95.00	4.90
P. E. I.	6	1 May, 1947	1 May	110.00	5.02
*Quebec	4½	1 May, 1961	1 May	102.00	4.13
*Saskatchewan	4½	1 Sept., 1955	1 Mar.	83.00	5.85
Saskatchewan	5	1 Oct., 1950	1 Apr.	87.00	6.20
Saskatchewan	6	15 Mar., 1952	15 Mar.	95.00	6.45
*Newfoundland	5	31 Dec., 1952	30 June	70.00	8.04
*Newfoundland	5½	1 July, 1939	1 July	75.00	10.99
*Newfoundland	6½	30 June, 1936	30 June	83.00	12.66
Cities					
*Montreal	5	1 Sept., 1963	1 Mar.	107.00	4.58
*Toronto	4½	1 Jan., 1955	1 July	99.00	4.57
*Vancouver	5	15 Jan., 1970	15 July	87.00	5.87
Winnipeg	5	1 Mar., 1944	1 Mar.	91.80	6.00
*Edmonton	5½	1 Apr., 1947	1 Apr.	85.25	7.15
Calgary	5	1 Jan., 1943	1 July	82.60	7.50
Halifax	6	1 July, 1951	1 July	110.70	5.16
St. John	5	15 Dec., 1950	15 June	98.83	5.10
Regina	4½	1 July, 1950	1 July	72.98	7.25
Victoria	5	21 July, 1945	21 July	87.30	6.50
Quebec	5	1 June, 1948	1 June	102.00	4.81

* Payable in New York.

Listed Bond Quotations

Week Ending February 13

Montreal	Int. Rate	Due	Yield	Latest Bid	High	Low	Range, 1933 High	Low
Abitibi, 1st mtg.§	5	1953	...	14	...	...	*46	19¼
Asbestos	5	1942	...	21	...	...	*65¼	49
Asbestos, 1st mtge.	6	1941	...	5¼	...	...	*20	14
Do., gen. mtge.	6	1956	...	...	...	...	*9	...
Can. Cons. Rub.	6	1946	...	...	...	...	*69¾	...
Can. Cottons	5	1940	...	...	...	...	*91	90
Can. Forgings	6	1942	...	...	...	...	*100	...
Can. Locomotive	6	1951	...	...	...	...	19⅝	19⅝
Can. Pr. (Laur.)	5½	1958	...	...	...	...	*7	5
Do. (Way. Ser.)	5½	1958	...	...	...	...	*28½	5¼
Can. S.S. Debs.	5	1943	...	...	...	...	*83¼	...
Cedars Rapids	5	1953	...	...	...	...	108	108
Dom. Canners	6	1940	...	...	...	...	‡103	...
Dominion Coal	5	1940	...	37	...	...	*50	31
McNish	6	1948	...	...	...	...	1.50	1.00
Mex. L. & Pr.	6	1940	...	55	...	...	*73½	70¼
Mtl. L.H.&Pr. debs.	3	1939	...	42⅛	42¼	41⅞	43	39¾
Mont. Tr. 1st mtg.§	5	1941	5.38	97½	...	...	98¼	97
Mont. Trams. "A"§	5	1955	7.02	...	...	...	77⅞	77¼
Do., G. & Ref. "B"	5	1955	7.08	...	77½	...	*79¾	78¼
Do., "C"	4½	1955	6.43	...	...	...	*77½	77
Do., "D"	5	1955	7.02	...	...	...	77⅜	77¼
N.S. Steel	5	1959	...	†78	...	...	*62⅝	59
Ontario Steel	6	1943	5.94	80	...	...	*100½	...
Porto R. Pr.	5	1936	...	...	...	...	*93	88
Steel of Canada§	6	1940	...	102	...	...	*102⅞	100
Wayagamack	6	1951	...	...	...	...	*75	45
Winnipeg Elec.§	5	1935	...	76½	...	...	*86	...
Toronto								
Canada Bread	6	1941	...	...	...	...	*101½	100
Steel of Canada§	6	1940	...	...	...	...	*102½	...
Dominion Govt. Bonds (Montreal)								
War Loan§	5	1937	...	116.75	115.80	....	116.25	115.80
Victory Loan	5½	1933	4.05	101.55	....	....	100.75	100.70
Do.	5½	1934	4.09	102.10	101.93	101.70	102.50	101.70
Do.	5½	1937	3.25	109.50	110.00	....	110.25	110.00
Do., refund	4½	1940	4.50	100.25	....	....	101.25	100.75
Do., refund	5	1943	4.53	103.55	....	....	103.37	103.25
Do., refund	4½	1944	4.50	97.00	....	....	*97.50	89.50
Do., refund	4½	1946	4.47	100.10	....	....	*96.25	91.50
Do., renewal	4	1952	4.60	....	....	....	92.37	91.63
Conversion Loan	4½	1956	4.71	....	....	....	97.00	97.00
Do.	4½	1957	4.60	98.50	....	....	98.25	98.25
Do.	4½	1958	4.56	99.30	99.37	98.00	99.37	98.00
Do.	4½	1959	4.50	99.70	100.15	100.00	100.15	99.25
Nat. Service Loan	5	1936	4.06	102.75	102.62	....	103.25	101.50
Do.	5	1941	4.60	103.40	....	....	103.75	103.75

†Latest ask. ‡Quotations for 1930. °For 1931. *For 1932. None recorded in 1933 to date. §Payable in Canada and New York

Dividends Declared

	Present Annual rate	Amt. this payment	Date payable	Date of record
Agnew Surpass, pref.	7%	1¾%	Apr 1	Mar. 15
Bk. Can. Nationale	$10	$2.50	Mar. 1	Feb. 15
Bank of Montreal	10%	2½%	Mar. 1	Jan. 31
Bank of Toronto	10%	2½%	Mar. 1	Feb. 15
Belding Corticelli, pfd.	7%	1¾%	Mar. 15	Feb. 28
Borden Co., com.	$1.60	40c	Mar. 1	Feb. 15
Canada Vinegars	$1.60	40c.	Mar. 1	Feb. 15
Can. Bank of Commerce	10%	2½%	Mar. 1	Jan. 31
Capital Trust	4%	4%	Mar. 1	Dec. 31
Can. Hydro-Elec. 1st pfd.	6%	1½%	Mar. 1	Feb. 1
Canadian Oil, pref.	8%	2%	Apr. 1	Mar. 20
Canadian Car, pref.	$1.75	44c	Apr. 10	Mar. 27
Can. Silk Products "A"	$1.50	37½c	Mar. 1	Feb. 15
Dominion Bridge	$2	50c	May 15	Apr. 29
Dome Mines	$1	25c	Apr. 20	Mar. 31
Do., extra	...	20c	Apr. 20	Mar. 31
Eastern Theatres c.	$2	50c	Mar. 1	Jan. 31
Hollinger Gold	65c	5c	Feb. 25	Feb. 10
Imperial Oil (coupon 36)	50c	12½c	Mar. 1	Feb. 14
International Milling, pfd.	7%	1¾%	Mar. 1	Feb. 18
Do., pref., "A"	6%	1½%	Mar. 1	Feb. 18
Kelvinator, pref.	7%	1¾%	Feb. 18	Feb. 6
Laura Secord, com.	$3	75c	Mar. 1	Feb. 15
Loblaw Grocet. "A" & "B"	80c	20c	Mar. 1	Feb. 11
Lindsay, C. W., pref	6½%	1⅝%	Mar. 1	Feb. 14
McIntyre Mines	$1	25c	Mar. 1	Feb. 1
Do., extra	50c	12½c	Mar. 1	Feb. 1
McColl-Frontenac, com.	60c	15c	Mar. 15	Feb. 15
Montreal Loan & Mortgage	12%	3%	Mar. 15	Feb. 28
Do., Bonus	....	1%	Mar. 15	Feb. 28
N.S. Light & Pr. pref.	$6	$1.50	Mar. 1	Feb. 15
National Biscuit	$2.80	70c	Apr. 15	Mar. 17
Do., pref.	$7	$1.75	Feb. 28	Feb. 14
Ogilvie Flour, pref.	7%	1¾%	Mar. 1	Feb. 20
Page-Hersey Tubes, c.	$3	75c	Apr. 1	Mar. 20
Do., pref.	7%	1¾%	Apr. 1	Mar. 20
Reliance Grain, pref.	6½%	1⅝%	Mar. 15	Feb. 28
Rolland Paper, pref.	$6	$1.50	Mar. 1	Feb. 15
Royal Bank	10%	2½%	Mar. 1	Jan. 31
Walker, Hiram, pref.	$1	25c	Mar. 15	Feb. 24

Dividends Passed or Deferred:
Canada Wire & Cable, pref. Mar. 15, deferred. Last paid 1⅝% Dec. 15, 1932.

Dividend Rate Reduced:
Capital Trust, Mar. 1, 5% to 4% per annum.
Borden Co., Mar. 1, $2 to $1.60 per annum.

Extra Dividends:
McIntyre Mines 12½c. Mar. 1. Dome Mines 20c April 20.

Bond Interest:
Mexico Tramways, 5% 1st mtge. 50 yr. (coupon 40) Mar. 1.

Winnipeg Stock Exchange

(Transactions for week to Feb. 11)

Div. Rate in $	Yield in %		Sales	High for week	Low for week	Close Feb. 11
..	..	Associated Breweries	20	4	4	4
..	..	Bobjo	2000	.14½	.14	.14½
..	..	Central Manitoba	9450	.14	.10	.14
..	..	Consolidated Smelters	15	58½	58	58½
..	..	Ford of Can. "A"	50	7	7	7
..	..	Hudson Bay Mining	10	3.73	3.73	3.73
..	..	Internatonal Nickel	10	10	10	10
..	..	Island Lake	2400	.25	.25	.25
..	..	Manitoba Basin	500	.02	.02	.02
..	..	North Star Oil	20	1¼	1¼	1¼
35c	11.7	Do., pref.	100	3	3	3
..	..	San Antonio	353	1.15	1.05	1.09
60c	12	Teck-Hughes	50	5.00	5.00	5.00
1.25	11.6	United Grain Growers	4	10¾	10¾	10¾
..	..	Ventures	400	1.26	1.18	1.18
..	..	Vipond	100	.35	.35	.35

Stocks Not Traded in During Week *

	Bid	Ask		Bid	Ask
Beaver Lumb. Co.	..	60	Pelissiers pref.	10	..
Beaver Fire	..	100	Nor. Can. Mtg. pf.	..	15
City Dairy 8% pf.	..	40	Northern Trust	..	21
Can. Fire Insur.	50	..	Reliance Grain, pfd.	43	..
Cres. Cream. pfd.	..	60	Western Breweries.	½	¾
Gt. West Life	230	..	West St. Prod.,pf.	..	30
Home Investment	20	..	Can. Amer. Tr. shs.	..	2¾
Monarch Life 10% pd.	16	..	Fundamental Ser.A	..	3½
Nor. Mtg. part pd.	..	5	Fundamental Ser.B	..	3¾
			Group Inc. shs.	3.25	3.60

*Stocks more active on other exchanges not included.

Note re Unlisted Securities

Although The Financial Post strives to obtain the closest quotations possible on the unlisted stocks and bonds in the various tables on this page and the adjoining page, the quotations are not guaranteed and no responsibility is assumed in connection with them. In inactive markets, many quotations can be little more than nominal but it is felt that even a nominal quotaiton giving an idea of approximate price is better than none at all.

Construction Industry Would Set Up Corporation To Finance New Works

National Body Sets Forth Position in Letter to Bennett

SEEKS CO-OPERATION

Suggests Formation of Construction Finance Corporation Under Federal Auspices

The National Construction Council of Canada, formed recently in an effort to stabilize the industry and lift it from its present depression, has made its first official move in a letter to Prime Minister R. B. Bennett requesting that representatives of the council and the Prime Minister confer to discuss the present grave situation in the construction industry, The Financial Post learns.

In a memorandum enclosed with this letter the construction council sets forth its aims and aspirations and discusses fully the present situation in the industry in the Dominion. While admitting the plight of governments throughout the country, whether national, provincial or municipal, and deploring the piling up of government debts, the council feels that no material improvement in industry in Canada can be expected until the construction industry is again operating at something like normal capacity. To this end it proposes that direct relief be eliminated as much as possible and the funds used to inaugurate a building programme, and urges the government to support a scheme of international co-operation for the promotion of public works at the forthcoming World Economic Conference.

The council, composed of representatives of 18 national bodies interested in the construction industry, is the first group ever to represent the industry in Canada upon such a comprehensive scale. The movement, which received its impetus from the Royal Architectural Institute of Canada, follows in the footsteps of National Associations formed in Great Britain, United States, Australia and New Zealand during the past few years. Associations represented by the National Council are as follows:

Component Associations

Engineering Institute of Canada
Royal Architectural Institute of Canada
Canadian Construction Association
Canadian Manufacturers' Association
Canadian Chamber of Commerce
Canadian Lumbermen's Association
Brick Manufacturers' Association
Canadian Council of International Society of Master Painters and Decorators
Canadian Founders and Metal Trades Association
Canadian Hardwood Bureau
Canadian Automatic Sprinkler Assoc.
Contracting Plasterers Association of Canada
Electric Service League
Structural Clay Tile Association
Canadian Paint, Oil and Varnish Association
Canadian Institute of Steel Construction
Trade and Labor Congress of Canada
Canadian Ceramic Society

Just how important the construction industry is in the economic life of the Dominion is forcibly brought out in the memorandum submitted to Mr. Bennett. It is there stated that, according to figures supplied by the Dominion Bureau of Statistics, the construction industry in Canada in 1929, the peak year of activity, employed directly 300,000 workers, and indirectly in factories another 70,000, or a total of 370,000 workers. On the usual basis of computation, the memorandum avers, those figures show that the construction industry supports approximately one-eighth of the entire population of Canada in normal or prosperous times.

Owing to the low ebb in the industry at present a large proportion of these men can now be found in the relief lines, it is pointed out. The cost of keeping these men in idleness is startling, the memorandum adds, quoting relief figures for Toronto and Hamilton which show increasing numbers and amounts from month to month. For instance, in Toronto in December there were 22,555 families on direct relief, an increase of 3,000 from the previous month while January figures show that the relief line is growing at the rate of 375 families per month.

Then follows a long list of recommendations, chief of which concerns the formation of a construction finance corporation. In this regard the memorandum states:

"We recognize very acutely the great difficulties in providing funds for construction purposes of any kind, but we are firmly convinced that there is no alternative but for such funds to be procured. We suggest, therefore, that a Construction Finance Corporation be formed under the auspices of the Dominion government for the purpose of passing on the merits or necessity of construction projects advanced, and assisting them by banking services or direct financing, and that certain classes of construction work be carried out under the following conditions:"

Conditions under which this construction work would be carried out are generally the opposite of those in existence during previous relief construction programmes. The council suggests that excessive costs of previous attempts could be eliminated by putting relief construction work on a strictly competitive basis, by using the most modern available methods and through the employment of qualified architects and engineers in private practice to the exclusion of municipal and city engineers and other authorities.

Free From Politics

Some scheme for rotation of labor so as to give employment to the largest possible number of men and the payment of prevailing rates of wages on all work are suggested. The council calls for a comprehensive survey across the Dominion to find out what new types of buildings and other improvements are necessary and their relative importance, the selection of all such works to be in the hands of an impartial body free from political affiliations.

Proposals for construction are then set forth and include:

Self-liquidating works, such as cold-storage plants, water works and filtration plants, hospitalization and low cost housing; public works to replace rented premises where the elimination of rentals being paid by the Dominion Government would justify capital expenditure; replacement of buildings and other works obviously suffering obsolescence; and sewage systems which are now required by 114 municipalities of 1,000 or more population.

Special consideration is asked of recommendations that reduction in interest rates would substantially encourage circulation of money through business channels and that improvement could be made in the method of financing private construction. In the latter case, the council draws attention to (1) methods of financing home construction, (2) more direct regulation of the issuance of building bonus, and (3) provision of rediscount facilities to mortgage organizations.

Realization of the difficulties in the way of financing a construction programme such as suggested is shown. The council, however, feels that there are offsetting advantages worthy of consideration. In this regard the memorandum states:

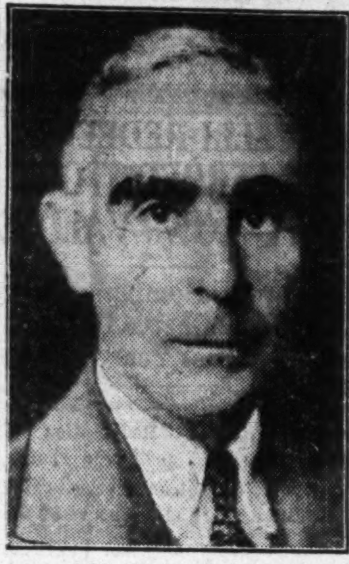
"If a construction programme such as has been suggested is carried out, and the financing done in Canada and the money spent in Canada, we will at least have the following factors all tending toward the diminution of the capital cost involved; first of all the cost of direct relief will greatly diminish, and this diminution will be felt at once.

"In the second place, the starting up of such activity as has been suggested will have a tendency to increase commodity prices throughout the country or at least will have the tendency to stop any further decline.

Committee Members

Personnel of the organization committee of the new body is: George Oakley, M.P.P., chairman; I. Markus, secretary; Melville P. White, J. H. Craig, W. L. Somerville, E. M. Pedwell, Wm. S. P. J. Hannaford, J. M. Pigott, H. C. Frid, Charles H. Wallace, A. Ross Robertson, A. K. Purdy, C. Blake Jackson, W. J. Bavington, E. Ingles, Gordon M. West, A. C. Mambert, J. B. Carswell, F. M. Thomson, Dr. C. J. Steele, Wm. McGolpin, T. E. Boyce, J. T. Hepburn.

Sun Life Director



ARTHUR B. PURVIS

President and managing director of Canadian Industries, Ltd., who was elected a director of the Sun Life Assurance Co. of Canada at the annual meeting this week.

NOW COLLECTING OTTAWA EVIDENCE IN COAL ENQUIRY

Decision on Alleged Combine Expected Next Month

By Staff Editor

OTTAWA, ONT.—Evidence being taken from coal dealers in Ottawa this week will conclude the main part of the investigation into the alleged combine in the distribution of Welsh anthracite in Canada, The Financial Post learns. No indication has been given of the results of findings in the evidence already collected from Toronto, Montreal and Quebec dealers and importers.

It is not expected that announcement of the decision reached by the investigation will be made for about a month, although the Toronto, Montreal and Quebec evidence is virtually completed.

Accountants' Examination

Examination by accountants of the material collected from the Toronto, Montreal and Quebec dealers and importers will cause this delay in issuing the report of the coal enquiry. After the examination of this material is completed, the evidence being collected in Ottawa will also have to be examined. Then evidence will be taken and examination will be made of the returns of the accountants before decision can be reached.

Chrysler Group January Sales Above Year Ago

Two manufacturers handled 75 per cent of automobile sales in Ontario in January, General Motors accounting for 51.1 per cent and Chrysler Motors for 23.4 per cent, according to an analysis made by The Financial Post of figures compiled by Might's Directories and published in Canadian Automotive Trade. In January, 1932, those two manufacturers also accounted for 75 per cent of total sales but the percentages were 67.5 and 8.6 respectively.

Total sales in Ontario for January were 937 compared with 1,035 in January, 1932, a decrease of nearly 10 per cent. Chevrolet was the big loser with a decline of 145 in sales of almost 30 per cent, while Dodge showed the biggest gain from 15 to 105. Plymouth and Frontenac were the only other cars to show increased sales for the month compared with January, 1931.

Ranked by total sales, Chevrolet is the leader followed by Dodge, Ford and Plymouth in that order. Leading makes for January are:

New Car Sales in January
(Leading Makes)

	1933	1932
Chevrolet	348	495
Dodge	105	15
Ford	102	109
Plymouth	93	54
Buick	62	106
Pontiac	56	60
Frontenac	36	14

Calgary Faces Action By U. S. Bondholder

From Our Own Correspondent

CALGARY — Legal action against the City of Calgary will be taken by the Malden Trust Co., of Malden, Mass., to secure payment in United States funds for bonds of the city which matured January 1. The city tendered Canadian funds in payment of principal due. Notice has been given that at the end of 30 days the Malden Trust Co. would bring legal action for principal and interest in the United States funds for the full amount of the debentures which it holds.

The action taken by Malden Trust Co., which holds $5,000 of Calgary bonds, involves the payment of exchange by the city on the entire issue of $2,135,000 which matured January 1. The action against the city is a test case which will determine legally the city's responsibility to pay according to the wording of the bonds. This case will form a precedent, affecting other Canadian municipalities.

David et Frere Lte. Drop Two Directors

From Our Own Correspondent

MONTREAL. — Supplementary letters patent have been issued to David et Frere Lte., reducing the number of directors from seven to five.

Ban On Liquor Ads. Hits Ontario Printers

Quebec Publishers Print U. S. Pulp Magazines and Carry Liquor Ads.—Ontario Asked to Change Law

By H. A. NICHOLSON
Editor, Canadian Printer and Publisher

Typographical Union leaders, with other trade representatives, have urged Premier Henry, of Ontario, to permit liquor advertising in the province. A recent delegation pointed out to the Premier that a number of magazines which might otherwise have been produced in Ontario have gone to Quebec to be printed where, under the Quebec law, liquor advertising is allowed.

The magazines in question hoped to secure liquor advertising, and as a matter of fact, they are now carrying it. Most of these publications consist of United States pulp magazines now being printed in Canada, liquor advertisements appearing on their inside cover positions. Some other purely Canadian publications also have left Ontario for Quebec to take advantage of the opportunities presented to obtain liquor advertising.

At least 50 per cent of the circulation of these magazines is in Ontario. While Ontario publications are not permitted to print liquor advertising in any form, Quebec publications, and British and foreign publications, are allowed to come into the province without any restrictions whatsoever.

Printers doubt if the Ontario liquor advertising restrictions are constitutionally sound. It has been stated that a test case might cause an upset.

The Provincial Government has no power to prevent circulation of papers printed outside. Control rests in the hands of the Federal Government. Even this government might find its hands tied with postal treaties in respect of the many publications coming in from other countries. The Federal Government's position would be much the same as in the case of advertising inserts appearing in foreign trade publications. These publications are admitted for circulation without restriction while Canadian publications with advertising inserts of the same kind are obliged to pay additional postage. Any change in regulations would require a change in postal treaties. It would probably require a change in postal treaties to keep out of Canada foreign publications, British or otherwise, bearing liquor advertising. The Dominion Government, nor the Provincial Government, would be the only governments in a position to act in the matter, all of which would create complications considering the different liquor advertising regulations in force in the provinces. Ontario, Manitoba and Quebec regulations vary from each other to a great extent.

Ask Uniform Laws

In the circumstances it would seem to be out of the question to try to stop publications with liquor advertising from circulating in Ontario. Since the situation is unfair to many business and labor interests in Ontario the Provincial Government is asked by the printers to seriously consider the proposal made to Premier Henry.

Uniform advertising laws covering all the provinces would seem to offer the best means of solution to the present inconsistent, complicated and unsatisfactory state of affairs. The proposal need not affect the peculiar requirements of each province regarding the selling of liquor.

Despite restrictions, liquor advertising of a sort goes on in Ontario. It is common knowledge that some distillers, or their agents, with no other way open to make their brands known, resort to the surreptitious distribution of samples.

New Brunswick Retail Trade

During the year 1930 the Province of New Brunswick showed retail trade (including that of service establishments) amounting to nearly $90,000,000; the retail trade amounting to $85,006,300 and that of service establishments to $4,549,400.

MIMICO MAY DEFAULT MAR. BOND INTEREST

With interest payments of $34,618 due in March, the Town of Mimico, Ontario, is faced with the possibility of default following the refusal of banks to advance sufficient funds to meet interest payments due March 1. A. E. K. Bunnell, finance commissioner, has recommended to the Mimico town council that the town should default on payments and apply to the Ontario Municipal Board for appointment of a supervisory board to handle the town's financing.

Mimico owes the banks $212,000 on current account and $152,000 for local improvement debentures which remain unsold. The town is one of seven municipalities which has not yet paid the 1932 levy to York County and owes $36,000 on this account. Difficulties are laid to increased relief costs and rapidly mounting tax arrears. Tax arrears have increased from $113,000 in 1927 to $280,000, and, of the $135,000, owing on vacant property, the greatest part is regarded as being uncollectable. Mr. Bunnell estimates that there is $155,000 of unpaid taxes which might be collected by the town by 1937 with annual payments. The town assessment is approximately $4,000,000.

Mining Stock Quotations

Week Ending February 13

Par Va..	Range 1933 High	Range 1933 Low	Company	Sales	Close Feb. 6 (or last)	High for week	Low for week	Close Feb. 13
1	.05	.02	Abana	3,000	.03	.05	.04	.05
1	.01	.00½	Aconda	500	.00½	.01	.01	.01
No	*.15	.15	Aldermac	......	.15	.....	.....	.....
1	.03½	.01	Alexandria	45,500	.02½	.03	.02½	.02½
No	.05½	.03	Algoma	107,850	.04½	.05½	.03¾	.03¾
1	.01	.00½	Algonquin	20,500	.00½	.00½	.00½	.00½
1	*.01½	.00½	Amity C.	......	.00½	.....	.....	.....
No	.25½	.10	Amulet	51,870	.15	.25½	.14	.17
1	.01	.00½	Apex	9,000	.00½	.00½	.00½	.00½
1	.03½	.02	Area	23,500	.02½	.02½	.02½	.02½
No	.04½	.01½	Arno	363,400	.04	.04½	.03	.04
1	1.36	.74	Ashley Gold	11,090	1.30	1.36	1.25	1.30
1	.14	.02½	Bagamac	283,800	.08	.14	.07½	.11½
1	.03	.01	Baldwin	2,500	.01	.01½	.01	.01½
1	.20	.10½	Barry Hollinger	58,000	.19	.19	.16	.17
No	1.00	.75	Base Metals	2,350	.85	1.00	.85	.90
1	.21	.08	Big Missouri	130,385	.13	.21	.13	.18
1	.18	.08½	Bobjo	155,110	.15½	.18	.13½	.14
1	.25	.15	Brett Trethewey	33,250	.22	.23	.19	.21
1	.03½	.01½	Brownlee	50,250	.03½	.03½	.03	.03½
1	*.01	.00½	Buckingham	......	.00½	.....	.....	.....
No	.04½	.02½	Buffalo Can.	22,500	.03	.04½	.02½	.04
No	.02½	.01½	Bunker Hill	9,000	.02½	.02½	.02	.02
5s	.60	.60	B'Wana McKubwa	100	.....	.60	.60	.60
No	*.04	.02	Canam Metals	......	.02½	.....	.....	.....
1	.12½	.03	Can. Kirkland	50,850	.11	.12	.09½	.10
1	.01	.00½	Capital Rouyn	15,000	.00½	.01	.00½	.00½
1	.03½	.01½	Cartier-Malartic	9,800	.02	.02½	.02	.02
1	.24	.16	Castle Trethewey	28,600	.19½	.24	.20	.22
1	.15	.06	Cen. Manitoba	80,300	.12½	.15	.11	.14½
1	.28	.17	Cen Patricia	74,877	.27	.28	.24	.26½
No	.11	.03	Chibougamau Pros.	31,100	.06½	.11	.06½	.09
No	.02½	.00½	Clericy	99,500	.01½	.02½	.01½	.01½
5	3.00	1.65	Coast Copper	1,645	2.00	3.00	1.91	2.50
1	.01½	.00½	Cobalt Contact	1,500	.01½	.01½	.01½	.01½
1	.11	.07	Columario	74,100	.09½	.11	.09½	.10
5	1.05	.75	Coniagas	......	.75	.....	.....	.....
No	.45	.25	Coniaurum	10,200	.39	.45	.38	.38
25	68.00	57.50	Cons. Smelters	2,978	58.00	65.12	58.00	64.00
No	18.50	13.60	Dome Mines	12,002	17.50	18.00	16.75	17.40
No	.05½	.04	Dom. Explorers	30,000	.05	.05½	.04½	.05
1	.01	.00½	Dominion Kirk	1,000	.00½	.01	.01	.01
1	.04	.02	Don Rouyn	81,750	.02½	.04	.02½	.03½
	.04½	.02	Duparquet	5,300	.04	.04	.03½	.03½
1	1.61	1.34	Eldorado	29,004	1.47	1.58	1.46	1.51
No	2.42	1.80	Falconbridge	26,544	2.00	2.42	1.90	2.37
1	.02½	.01	Federal	7,000	.02½	.02½	.02	.02½
No	.02½	.01½	Flintoba	......	.02½	.....	.....	.....
No	.02½	.01	Gilbec	77,000	.01½	.02½	.01½	.02½
1	.07	.04	Goldale	32,000	.06½	.07	.06½	.06½
10	.15	.10	Goldfield	......	.15	.....	.....	.....
1	.00½	.00½	Gold Hill	17,500	.00½	.00½	.00½	.00½
	.01½	.01½	Gold Reef	6,000	.....	.01½	.01½	.01½
1	.04½	.02	Goodfish	2,800	.04	.04	.03½	.03½
1	.03½	.01½	Graham	8,000	.02½	.03	.01½	.01½
1	1.95	1.19	Granada	50,185	1.81	1.87	1.67	1.81
1	.08	.06	Grozelle	......	.07	.....	.....	.....
1	.03½	.02	Harker	5,000	.03	.03	.03	.03
1	.01½	.00½	Hilltop	61,500	.01	.01½	.01	.01½
5	8.75	6.00	Hollinger	40,307	8.05	8.20	7.50	7.90
1	.95	.65	Howey Gold	139,076	.87	.91	.78	.82½
No	4.25	3.10	Hudson Bay	4,735	3.95	4.25	3.60	3.75
No	.33	.25	Huronian	480	.30	.30	.30	.30
No	10.37	8.62	Int. Nickel	114,822	8.75	10.37	8.75	9.75
1	.02	.00½	Jackson Manion	19,500	.02	.02	.01½	.02
1	.24	.20	Keeley	1,948	.21½	.24	.21	.22
1	.02	.01	Keora Mines	......	.01½	.....	.....	.....
1	.76	.60	Kirk. Hud. Bay	12,560	.75	.76	.73	.75
1	.02½	.00½	Kirk. Hunton	60,800	.01½	.02	.01½	.01½
1	.52	.30	Kirkland Lake	41,725	.47½	.50	.43	.44
1	.02½	.01½	Kirkland Premier	21,500	.02	.02½	.01½	.01½
1	.22½	.13½	Kirk. Townsite	14,300	.20	.20	.15½	.15½
20c	.01½	.00½	Koot. Florence	3,000	.01½	.00½	.00½	.00½
1	*.01½	.01½	La Rose	......	.01½	.....	.....	.....
1	.30	.18	Lakeland	2,100	.22	.30	.18	.27
1	.18	.08	Lake Maron	18,200	.17½	.18	.16	.16
1	40.00	32.50	Lake Shore	16,592	38.50	39.15	37.00	39.00
1	.05	.02½	Lebel Oro	124,000	.03½	.05	.03	.04½
1	.36	.20	Macassa	393,850	.30½	.36	.31	.35
1	.08	.05	Malartic	28,400	.07	.08	.07	.07½
1	.02½	.01½	Malrobic	28,500	.02	.02	.01½	.01½
No	.05	.04	Mandy	......	.04½	.....	.....	.....
No	.03	.01½	Manitoba Basin	145,900	.02	.03	.01½	.02
5	27.60	21.20	McIntyre	15,393	26.00	27.00	25.80	26.75
1	.50	.30	McKinley	1,300	.38	.50	.50	.50
No	.08	.02½	McLeod River	675,650	.05½	.08	.05½	.07½
1	.03	.03	McMillan	......	.03	.....	.....	.....
No	.75	.46	McWatters	17,600	.74	.74	.65	.67
1	.32	.15	McVittie	8,100	.30	.30	.28	.28
No	1.80	1.28	Mining Corp.	9,325	1.73	1.75	1.60	1.65
1	.03	.01½	Moffatt Hall	47,100	.02½	.02½	.02½	.02½
1	.06½	.02	Moneta	8,500	.05½	.06	.05	.05½
1	.40	.28	Moss	31,800	.30	.30	.28	.28
1	.02½	.00½	Murphy	26,500	.01½	.02	.01½	.01½
No	.05	.03	Newbec	44,200	.04	.04½	.03½	.04
1	.06	.01½	Night-Hawk Penn.	39,000	.05	.06	.04½	.04½
5	1.95	1.15	Nipissing	4,920	1.90	1.86	1.62	1.70
No	25.50	19.75	Noranda	47,043	24.00	25.10	23.00	25.10
No	.52	.32½	Nor. Canada	25,550	.48	.52	.46	.48
No	.02½	.01	Old Colony	148,000	.02	.02½	.02	.02½
1	.10	.05	Osisko	500	.08	.08	.08	.08
1	.18½	.11	Parkhill	35,325	.18½	.18½	.16	.16
1	.03½	.01½	Pawnee Kirk	12,000	.03	.03½	.02½	.03
1	.75	.54	Pend Oreille	2,300	.60	.75	.60	.61
1	.01½	.00½	Peterson Cobalt	13,000	.01½	.01½	.01	.01
1	5.95	4.30	Pioneer Gold B.C.	76,230	5.25	5.95	5.05	5.65
1	*.00½	.00½	Porcupine Crown	......	.00½	.....	.....	.....
1	*.02	.00½	Potter Doal	......	.00½	.....	.....	.....
1	*.12	.12	Powell Rouyn	......	.12	.....	.....	.....
1	.82	.60	Premier Gold	25,900	.72	.75	.70	.73
1	.02½	.01	Preston E. Dome	66,000	.02½	.02½	.01½	.01½
No	.95	.75	Prospectors Air's	1,200	.90	.85	.85	.85
No	*1.00	1.00	Quebec Pros.	......	1.00	.....	.....	.....
No	.15	.03	Quemont	1,000	.10	.13	.12	.12
1	.02½	.00½	Ribago	17,500	.01	.02½	.01	.01
1	.03	.01½	Ritchie	10,500	.02½	.02½	.02	.02½
1	.04	.01	Robb Montbray	64,500	.02	.04	.02	.04
1	1.21	.80	San Antonio	56,737	1.11	1.14	1.00	1.03
1	.03	.03	Seven Troughs	......	.03	.....	.....	.....
1	.48	.33	Sherritt Gordon	56,330	.43	.48	.35	.45
1	1.77	1.25	Siscoe	106,920	1.73	1.74	1.64	1.68
1	.10½	.06	South Keora	9,900	.06½	.08	.06	.07½
No	.06	.01½	Stadacona	647,245	.03½	.05	.03½	.04½
1	.14	.07	St. Anthony	5,500	.14	.13	.10	.10½
No	.83	.60	Sudbury Basin	20,800	.71	.83	.68	.75
1	.03	.00½	Sudbury Contact	26,500	.01½	.03	.01½	.02½
1	.01½	.00½	Sudbury Mines	11,000	.01½	.01½	.00½	.01
1	.38½	.20	Sullivan	97,610	.33	.35	.31	.34
1	1.21	.72	Sylvanite	143,030	1.10	1.15	1.00	1.06
1	.03½	.01½	Tashota	71,300	.02½	.03½	.02½	.02½
	.18½	.15½	Tashota Goldfield	......	.18½	.....	.....	.....
1	5.10	4.03	Teck Hughes	59,017	4.70	4.85	4.49	4.75
1	.10	.04½	Thom. Cadillac	4,400	.08	.10	.05	.06
1	.16	.10	Towagmac	4,600	.14	.16	.14	.16
1	2.00	1.10	Treadwell	100	1.50	1.50	1.50	1.50
1	.08	.05	United Kirkland	18,000	.06½	.08	.07½	.08
No	.06½	.03	Vacuum Gas	50,500	.03	.03½	.03	.03½
No	1.28	.80	Ventures	188,480	1.12	1.24	1.08	1.17
1	.21	.09	Vickers	22,800	.18	.21	.16	.19
1	.41	.20	Vipond	33,225	.40	.41	.35	.40
No	.60	.35	Waite Ackerman	1,500	.45	.54	.45	.54
1	.04½	.03½	White Lake	2,750	.03½	.04½	.03	.04½
1	.08	.02	Wiltsey Coughlan	78,085	.02	.08	.04	.08
1	.10	.07	Wood Kirkland	17,000	.09	.10	.08	.10
No	5.05	3.73	Wright-Hargreaves	85,628	4.80	4.85	4.55	4.73
			OIL STOCKS					
No	.12	.09	Acme Gas & Oil	37,949	.09	.11½	.09	.10½
1	.82	.67	Ajax	7,750	.67	.70	.68	.68
1	.10	.08	Alta. Pacific	500	.10	.09	.09	.09
1	*.03½	.02	Askalta	......	.03½	.....	.....	.....
No	.07	.04½	Associated	700	.06	.06	.06	.06
No	.02½	.01	Baltac	......	.02	.....	.....	.....
1	*.05	.02½	Brit. Dominion	......	.03½	.....	.....	.....
No	.35	.25	Calgary & Ed.	1,600	.30	.35	.26	.35
1	.05	.04	Calmont	500	.04½	.04	.04	.04
1	.04	.04	Common. Pete	......	.04	.....	.....	.....
No	.20	.14	Dalhousie	400	.18	.14	.14	.14
No	.02	.02	Devenish	......	.02	.....	.....	.....
No	*.02	.00½	Dome Oil	......	.00½	.....	.....	.....
No	.06½	.06½	East Crest	......	.06½	.....	.....	.....
No	*.01½	.01	Fabyan Pete	......	.01½	.....	.....	.....
No	*.25	.05	Foothills	......	.15	.....	.....	.....
No	*.03½	.02	Freehold	......	.02	.....	.....	.....
1	*.02	.00½	Great West	......	.00½	.....	.....	.....
No	*.06½	.03	Hargal	......	.03	.....	.....	.....
No	*.05	.02	High Sarcee	......	.02	.....	.....	.....
No	.45	.30	Home	1,420	.32	.40	.30	.40
No	*.05	.01½	Homestead	......	.01½	.....	.....	.....
1	.20	.13	Homest'd O. & G.	6,000	.14	.16	.14	.14½
1	*.01	.00½	Illinois Alberta	......	.00½	.....	.....	.....
No	*.02½	.00½	Lethbridge	......	.00½	.....	.....	.....
No	*.10	.04	Lowery	......	.10	.....	.....	.....
No	*.02	.00½	Madison	......	.00½	.....	.....	.....
1	.16	.14	Mayland	900	.15	.16	.14	.16
No	*.04	.01½	McD. Segur Ex.	......	.01½	.....	.....	.....
1	*.04½	.01	McD. Segur N.	......	.01	.....	.....	.....
1	*.05	.18	McLeod	......	.18	.....	.....	.....
No	*.10½	.06½	Mercury	......	.07½	.....	.....	.....
No	.16	.14	Merland	4,000	.15	.15	.14	.15
No	*.15	.08½	Mill City Pete	......	.08½	.....	.....	.....
1	*.20	.12½	Model	......	.13	.....	.....	.....
1	*.05	.04	Monalta	......	.05	.....	.....	.....
1	*.07	.03	Moose Mountain	......	.03	.....	.....	.....
1	*.01	.01	New Federal	......	.01	.....	.....	.....
5	.20	.09	Nordon	25,750	.10	.15	.10	.13
1	.04	.02½	Oil Selections	3,000	.03½	.03½	.03½	.03½
No	.05	.02½	Okalta	......	.03	.....	.....	.....
No	.26	.20	Olga Gas & Oil	10,100	.22	.24½	.20	.24½
No	.03½	.01½	Penn. Pete.	10,500	.03	.03	.02½	.02½
1	.17	.15	Petrol Oil & Gas	1,600	.16	.17	.17	.17
No	*.14	.08	Ranchmen's	......	.09	.....	.....	.....
1	*.01	.00½	Regent	......	.01	.....	.....	.....
No	*.02½	.01	Richfield	......	.01	.....	.....	.....
No	7.10	6.75	Royalite	130	6.75	7.10	6.75	7.00
1	.11	.08	Sarnia Oil	500	.08	.09	.09	.09
1	*.03	.01	Signal Hill	......	.01	.....	.....	.....
No	.04	.04	South West Pete.	......	.04	.....	.....	.....
1	*.30	.10	Spooner	......	.15	.....	.....	.....
No	.14	.13	Sterling Pacific	1,000	.13	.14	.14	.14
	.43½	.43	Trinidad Oil	......	.43½	.....	.....	.....
1	*.11	.07½	Turner Valley	......	.07½	.....	.....	.....
No	.08	.03	United	......	.03	.....	.....	.....
1	*.09½	.03	Vulcan	......	.03	.....	.....	.....
No	.01	.00½	Wainwell	......	.01	.....	.....	.....
			VANCOUVER STOCK EXCHANGE (Transaction for Week to February 8)					
25c	*.00½	.00½	Bayview	......	.00½	.....	.....	.....
1	.60	.60	B. C. Silver	100	.60	.60	.60	.60
20c	.05½	.02½	Beaver Silver	155,300	.03	.05½	.02½	.05½
25c	.03	.02½	Bluebird	10,500	.01	.03	.02½	.03
No	1.91	1.38	Bralorne	25,023	1.59	1.91	1.64	1.88
1	.07	.05	Bridge River Cons.	92,100	.06½	.07	.06½	.06½
1	2.85	2.00	Caribou Gold	17,400	2.30	2.30	2.00	2.20
No	7.50	5.60	Coast Breweries	140	5.75	6.50	5.75	6.25
25c	.00½	.00½	Cork Province	......	.00½	.....	.....	.....
1	.02½	.02½	Cotton Belt	......	.02½	.....	.....	.....
1	.01½	.01½	Dalhousie Mines	2,000	.01½	.01½	.01½	.01½
1	.35	.30	George Copper	......	.35	.....	.....	.....
50c	*.02	.01	Geo. Enterprise	......	.01	.....	.....	.....
1	.03	.02½	Georgia River	50,000	.02½	.03	.02½	.02½
1	.16	.16	Golconda	1,000	.....	.16	.16	.16
50c	.04½	.03½	Grandview	23,800	.04	.04½	.03½	.04½
1	*.01	.00½	Independence	......	.00½	.....	.....	.....
1	*.01½	.01	Indian Mines	......	.01	.....	.....	.....
1	.10	.10	Inter. Coal	250	.10	.10	.10	.10
1	*.21	.21	Jack Waite	......	.21	.....	.....	.....
25c	*.00½	.00½	Kootenay King	......	.00½	.....	.....	.....
10c	.02	.01½	Lucky Jim	15,250	.01½	.02	.01½	.02
5c	.12	.04	Metaline Metals	......	.06	.....	.....	.....
1	*.03	.00½	Morton Woolsey	......	.00½	.....	.....	.....
50c	.02½	.01½	National Silver	36,500	.02½	.02½	.02½	.02½
50c	.06½	.02½	Noble Five	265,900	.04	.06½	.03½	.06½
50c	*.01	.00½	Oregon Copper	......	.00½	.....	.....	.....
1	5.30	4.30	Pioneer Gold	9,995	4.65	5.30	4.75	5.25
50c	.06½	.04½	Porter Idaho	5,500	.06½	.06	.05½	.05½
No	.00½	.00½	Premier Border	......	.00½	.....	.....	.....
No	.20	.15	Reeves McDonald	2,400	.18	.20	.16	.20
1	.77	.64	Reno Gold	52,250	.72	.76	.72	.75
1	*.02½	.00½	Rufus Argenta	......	.00½	.....	.....	.....
1	.03½	.03	Ruth Hope	......	.03	.....	.....	.....
1	*.05	.02	Silverado	......	.05	.....	.....	.....
25c	.02½	.01	Silver Crest	171,500	.01½	.02½	.01½	.02½
50c	.01½	.01	Snowflake	10,500	.01½	.01½	.01	.01½
1	.25	.25	Sunloch	250	.....	.25	.25	.25
No	*.06	.05	Vanalta	......	.06	.....	.....	.....
20c	*.02½	.01	Wellington	......	.01	.....	.....	.....
1	.04	.03	Whitewater	2,600	.04	.03½	.03½	.03½

*Quotations for 1932. No sales recorded in 1933 to date.

DIVIDEND PAYERS

	Rate	Yield %		Rate	Yield %
Ajax Oil	12c.	....	Merland Oils†	2½c.	....
Coniagas‡	12½c.	....	Noranda	$1.10	....
Coniaurum†	3c.	....	Petrol Oil	2c.	....
Cons. Smelters*	10%	....	Premier	12c.	16.43
Dome Mines	$1+10c.	6.32	Pioneer, B.C.	24c.	4.24
Falconbridge	10c.	....	Royalite	$1.50	....
Hollinger	65c.+10c.	9.49	Siscoe	12c.	7.1
Howe Sound	40c.	....	Sterling Pac. Oil†	2½c.	....
Lake Shore	$2+$1	7.69	Sylvanite	4+1c.	4.71
McIntyre	$1.50	5.60	Teck Hughes	60c.	12.63
McLeod Oils‡	5c.	....	Wright-Har.	10+5c.	3.17

*Stock. ‡Interim. †Initial.

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THE Sun Life of Canada, during this period—probably the most trying in human experience—has maintained its record of progress, and has been of especial service to its great body of policyholders throughout the world.

ITS assurances in force have increased since 1929 by $465,000,000; assets by $43,000,000. Its policyholders now number nearly a million.

Statement for 1932

TOTAL ASSURANCES IN FORCE, December 31, 1932 — $2,928,952,000
This large amount, the accumulating estates of nearly a million Sun Life policyholders, will become payable to them or their dependants during this generation—a stabilizing factor of great social and economic value.
NEW ASSURANCES PAID FOR — 284,098,000
TOTAL INCOME — 161,407,000
TOTAL DISBURSEMENTS — 148,026,000
EXCESS OF INCOME OVER DISBURSEMENTS — 13,381,000
PAYMENTS TO POLICYHOLDERS AND BENEFICIARIES:
During the year 1932 — 108,527,000
Since Organization — 702,712,000
ASSETS — 611,436,000
Bonds: government, municipal, public utility and others; stocks: preferred and common; loans on mortgages; real estate; loans on Company policies; cash in banks, and other assets.
LIABILITIES — 597,241,000
Almost nine-tenths of this sum represents the policy reserve—the amount set aside to guarantee all policy payments as they become due.
PAID-UP CAPITAL ($2,000,000) and balance at credit of shareholders' account — $3,416,000
RESERVE for depreciation—in mortgages and real estate — 4,781,000
SURPLUS — 5,998,000
$14,195,000

The valuation of assets has been made on the basis prescribed for all companies by the Insurance Department of the Dominion of Canada
Policy reserves have been valued by the full net level premium method, on bases more exacting than those required by the Insurance Act of the Dominion of Canada.

Applications for new assurances were received by the Company during 1932 at an average rate of more than $1,000,000 for every working day.

During 1932 the Company paid to policyholders and beneficiaries more than $360,000 for every working day.

Income from renewal premiums was the largest ever received in a single year.

Cash in repayment or reduction of policy loans exceeded that of any previous year.

Revivals of lapsed policies exceeded those of any previous year, with one exception.

The net amount of policy proceeds left with the Company at interest substantially increased.

Sun Life Assurance Company of Canada

Canadian Mining News

BEATTIE SIGNS WITH PRIVATE POWER GROUP

Northern Quebec Power Co. Gets Mine Contract on Standard Basis

Officials of Ventures Ltd. informed The Financial Post that the power contract for the Beattie Gold Mines has been signed with the Northern Quebec Power Co., subsidiary of the Canada Northern Power Corp., on the basis of its standard "life of a mine" terms.

Plans are being made by the power company to extend its lines from Noranda some 26 miles distant, and it is expected that power can be made available early in April. Initially, power will be paid for on the regular $50 h.p. per year rate, based on the maximum demand. If and when the ultimate development requires 15,000 h.p. the rate would be brought down to $33 1/3 per h.p. per year. A provision has been made in the contract that during the life of the mine, Beattie is free to contract with other interests for power but is committed to a minimum of 1,500 h.p. from Northern Quebec Power Co.

An important clause in the Beattie contract is that in the event of any of Ventures associated interests contracting for power from the company the load will be cumulative. That is any additional load will be considered as an extension of the present contract, which in effect will hasten the lower rate schedule.

Under the terms of the contract the power company constructs the transmission line from Noranda to the Beattie mine while Beattie builds the substation.

Present plans call for the commencement of milling operations at the Beattie property by April. The initial unit is rated at 600 tons daily capacity with the probability that it will be somewhat greater than this. Until metallurgical difficulties, by way of treating the arsenical ore are ironed out, a high degree concentrate will be made and the concentrates shipped to New Jersey for smelting. Ultimately, it is expected that a satisfactory cyanidation process will be evolved, that will materially reduce operating costs.

CANAD. AIRWAYS ACQUIRES ASSETS OF WESTERN CO.

Northwest Facilities Are Strengthened by Merging With Spence McDonough

Canadian Airways, Ltd., has further strengthened its position and flying facilities in Northwestern Canada by the acquisition of the Spence-McDonough Air Transport, thus effecting another merger that makes the Canadian Airways the leading air transport company in Canada.

Spence-McDonough Air Transport Co. operated as a subsidiary of Dominion Explorers, an exploration enterprise closely associated with the Ventures and Lindsley interests. The untimely accident recently that resulted in the death of William Spence, senior member of the firm, prompted the decision of officials to retire from commercial aviation and in the future to hire this service.

Dominion Explorers together with allied interests have in the past employed airplanes extensively in prospecting work in the western and northwestern areas of Canada.

Canadian Airways Secure Big Contract

From Our Own Correspondent

MONTREAL. — Canadian Airways Ltd. has been awarded a contract to move new milling equipment to the property of the Central Patricia Gold Mines, in Northern Ontario. Between 200 and 300 tons of freight are expected to be transported by airplane and winter road to the property, which is located approximately 95 miles north of Allanwater, on the Canadian National Railway. Funds, it is stated, have been provided for the purchase of a 50 to 75 ton mill and the mill is already on order.

Transportation of supplies and machinery is expected to commence about the middle of this month and pieces of machinery considered too big to be transported by air will be taken over winter roads from Savant Lake station to the mine. The greater portion of the freight will be carried by plane. The contract is said to be the largest of its kind ever received by a Canadian airways company.

Hazelton Porcupine Mines Changes Name and Capital

Shareholders of Hazelton Porcupine Mines are in receipt of notice calling an annual meeting for February 25, to approve of a change in name to Hazelton Exploration & Finance Co., and to reorganize the capital structure to permit of additional financing and listing on the N. Y. Produce Exchange.

The present capitalization of $2,000,000 is to be reduced to $1,152,965, divided into 941,207 ten per cent noncumulative series A shares and 211,758 series B common shares. The series A shares are to be listed, which in effect pools the series B shares.

Present holders of series A shares will be given a like number of shares in the new company. Holders of other than series "A" shares will be given one series "B" share for each five other shares held.

The company's property consists of about 800 acres in Denton township, Porcupine area, 17 miles southwest of Timmins, Ont. Surface work, diamond drilling was done and a shallow shaft sunk in 1928.

New Gas Strike Made Near Unity, Saskatchewan

A gas strike has been made about 15 miles west of Unity, Saskatchewan, by the Golden Ridge Gas & Oil Co., on leases secured from the Unity Valley Gas & Oil Co., which drilled a well in the area about three years ago.

The gas flow was encountered at a depth of 248 ft. in the first of a series of test holes to determine the formation. The site of the well is some 20 miles east of the Alberta-Saskatchewan boundary.

B.C. 1932 Mineral Report Reflects Great Activity In Production of Gold

Value of Gold Output Increases 40 Per Cent Over 1931

LEAD OUTPUT UP

Base Metal Producers Well Entrenched With Low Operating Costs Awaiting Price Turn

A preliminary report on the mining industry of British Columbia by John G. Galloway, Provincial Mineralogist, shows the gross value of mineral production in 1932 as $26,675,517 as compared with $34,883,181 the previous year.

Owing to the decline in metal prices the decrease in the value of the production was not unexpected, but in the following tabulation it will be noted that gold production, both lode and placer, showed a substantial increase, while the production of lead also exceeded former years.

Product	B.C. Mineral Production 1932	1931
Gold, lode oz. ...	184,350	145,039
Gold, placer oz. .	19,412	17,176
Silver, oz.	7,200,000	7,524,320
Copper, lbs.	48,600,000	63,194,299
Lead, lbs.	253,000,000	248,783,508
Zinc, lbs.	180,000,000	205,071,247
Coal, long tons .	1,500,548	1,707,590

In the face of unprecedented economic conditions the mining industry of British Columbia has maintained its production at high levels. The increased output of gold is but a slight indication of the activity that has taken place in the search for and development of gold mining properties throughout the province. While the total gold output amounted to $4,140,850, or about 25 per cent more than the previous year, this does not include exchange compensation which would swell the value another $538,000.

The increased gold production can be principally attributed to the greater production of the Pioneer Mines and the initial recovery from the Lorne property operated by the Bralorne Mines. At the Premier Gold Mining Co. in the Portland Canal mining division production continued at practically the same rate as in 1931, with this old producer still ranking as the leading gold property in British Columbia.

The outlook for increased production in 1933 is considerably improved by the mill additions at the Pioneer and by the resumption of operations at the Reno property, whose mill was destroyed by fire early in 1932. Officials of the Department of Mines view the probable gold production in 1933 as close to $5,000,000 exclusive of exchange compensation.

More Small Shippers

Particularly significant was the attention directed to the exploration of gold properties and it is noteworthy that, at the Trail customs smelter, ore receipts in 1932 were nearly three times that in the preceding year. This was largely due to the efforts of lessees, small syndicates and companies who turned their attention to formerly dormant gold properties.

The principal silver producers in 1932 were the Sullivan mine where silver is found associated with lead and zinc, the principal metals. The Premier mine also carried its usual high percentage of silver found associated with the gold. The Wallace Mountain silver camp in the Greenwood mining division maintained profitable production even at current low prices for the metal and development work has maintained the usual ore reserves.

Practically the entire copper production of British Columbia is from the Granby operations at Anyox and the Britannia Co. at Howe Sound. Drastic curtailment at the latters property caused most of the decrease in the 1932 copper production.

The high level of lead production, equivalent to approximately 80 per cent of the peak year of 1930, is almost entirely attributable to the output from the Sullivan mine. Despite the low price for the metal it is interesting to note that 1932 production was higher than 1930 and that sales have kept pace with the output.

Zinc Marketing Difficulties

The difficulty attendant on the marketing of zinc ore caused the output in the province to decline approximately 35 per cent below the previous year. The Sullivan property is credited with practically all of this production.

Coal production declined approximately 12 per cent, due principally to the lack of industrial activity. A favorable angle is that British Columbia coal is capturing a larger share of the available fuel business in the province.

The value of structural materials declined approximately 50 per cent to $1,750,000 in 1932, reflecting the heavy slump in construction and building activity.

Miscellaneous metals and minerals amounted to approximately $500,000, a decline of approximately 40 per cent. Lowered outputs of gypsum, cadmium and flux for smelting operations, largely account for the decline.

Prospecting activity is on an unprecedented scale with the search directed toward gold. Approximately 9,000 provincial miners' certificates were issued in addition to the ordinary ones in 1932, and many new prospectors were in the field. A certain percentage had a satisfactory season of placer mining and many new prospectors are being trained in this work for the future. Several new placer discoveries were reported, some of which promise to be important. New lode discoveries were also reported in several parts of the province, but greatest activity centres about the rehabilitation of former gold producers.

In summing up the situation in British Columbia in 1932 the indications are that the output for 1933 will be substantially the same, but owing to the interest in gold mining a greater amount of employment will be provided.

Acme Gas & Oil Has Good Year $50,000 In Cash

The net income by Acme Gas & Oil Co. for the fiscal year ended December 31, 1932, promises to be approximately $60,000, according to official information given The Financial Post.

Despite a year involving heavy capital expenditures the liquid assets of the company remain favorable with cash in the bank amounting to approximately $50,000 and no liabilities. This compares with a working capital of $59,095 as at March 31, 1932. In addition, the company has its investment interests. During the past year the company protected its Rusk County, Texas, holdings well by drilling two offset wells. The cost of this drilling has been entirely paid for out of production, now under heavy curtailment through proration. In addition to its Texas drilling, the company also drilled two gas wells in the Tillsonburg area of Ontario, both of which have proved uncommercial. It is not the intention of the company to undertake a further drilling programme in the immediate future and, thus, there will be no further depletion of its working capital.

Newly Incorporated Mining Companies Up

A tabulation of the mining companies, incorporated in Ontario in 1932, shows that interest in the formation of new companies, particularly gold mining companies, continues on an upswing, with 39 incorporations in 1932 as compared with 35 in 1931 and 23 in 1930. In 1932, in addition, there were four incorporations affiliated with nonmetallic developments, while in 1931 there were nine and 14 in 1930.

The following tabulation gives the Ontario incorporations in 1932:

Name of Company	Head Office	Date of Incorp.	$ Capital
Alcona Gold Mines, Ltd.	Toronto	Nov. 14	2,000,000
Bear Exploration and Radium, Ltd.	Toronto	June 6	4,000,000
Beaver-Bethnal Gold Mines, Ltd.	North Bay	Nov. 2	500,000
Buffalo Ankerite Gold Mines, Ltd.	Toronto	Oct. 5	1,000,000
Burvar Gold Mines, Ltd.	Toronto	Dec. 15	3,000,000
Canadian Asbestos Ontario, Ltd.	Toronto	Mar. 10	40,000
Canadian Reserve Mines, Ltd.	Toronto	Dec. 10	5,000,000
Canusa Gold Mines, Ltd.	Toronto	July 4	1,500,000
Central Matachewan Mining Corp'n, Ltd.	Toronto	Jan. 8	2,000,000
Central Tyrrell Gold Mines, Ltd.	Toronto	Nov. 7	3,000,000
Chester Gold Mines, Ltd.	Toronto	Apr. 25	1,000,000
Circle Minerals, Ltd.	Toronto	Jan. 21	3,000,000
Chromium Alloy Co., Ltd.	Hamilton	Dec. 2	3,000,000
Dominion Bannockburn Co., Ltd.	Toronto	Nov. 25	40,000
Erie Canadian Mines, Ltd. (Private)	Kirkland Lake	March 21	40,000
Great Bear Development Co., Ltd.	Toronto	Feb. 1	3,000,000
Halcrow-Swayze Mines Ltd.	Toronto	Nov. 4	2,500,000
Hincks-Montrose Co., Ltd.	Toronto	Nov. 25	40,000
J-M Consolidated Gold Mines, Ltd.	Toronto	Feb. 18	2,500,000
Kam-Kotia Porcupine Mines, Ltd. (Private)	Toronto	Aug. 8	40,000
Kenty Gold Mines, Ltd.	Toronto	Sept. 21	3,000,000
MacDonald Gold Mines, Ltd.	Elmira	Aug. 5	256,000
Madawaska Minerals Ltd.	Toronto	Feb. 17	5,000,000
Mid-Continent Goldfields, Ltd.	Toronto	June 17	5,000,000
Muskoka Diatomite Ltd.	Toronto	Oct. 7	200,000
Northern Empire Mines Co., Ltd.	Beardmore	July 28	100,000
Radium Group Synd., Ltd. (Private)	Toronto	Aug. 30	90,000
Sun Bear Mines, Ltd.	Toronto	June 6	2,500,000
Tashota Goldfields, Ltd.	Tashota	Nov. 15	3,000,000
			N.P.V. Shares
Amador Mines, Ltd.	London	Jan. 15	300,000
Consolidated Tailings, Ltd.	Kirkland Lake	Apr. 7	300,000
Delta Metals, Ltd.	Sault Ste. Marie	Dec. 19	1,500,000
Denyes Exploration Syndicate, Ltd.	Toronto	Nov. 23	100,000
Dyment Mining & Investments, Ltd.	Toronto	March 31	100,000
Nerlip Mines, Limited	Toronto	Feb. 16	500,000
Swayze Gold Belt Exploration Co., Ltd.	Oakville	Apr. 16	4,000
Vermillion Lake Gold Mines, Ltd.	Toronto	June 6	15,000
West McWatters Syndicate, Ltd.	Toronto	Nov. 21	5,000
Young-Shannon Gold Mines, Ltd.	Toronto	Jan. 13	3,000,000

OKALTA OILS EARNS $30,139 DURING 1932

Current Assets Total $23,030 — Field Expenses Have Been Cut

Annual report of Okalta Oils for the year ended December 31, 1932, shows a net profit exclusive of reserves of $30,139 as compared with $23,047 in the previous year.

Gross income from the sale of crude oil and gas was $59,408. Royalties and government taxes amounted to $4,925 leaving a gross operating income of $54,483 to which was added miscellaneous income of $510. Field expenses amounted to $16,086 and general expenses $8,768 leaving a balance of $30,139.

Current assets total $23,030, including $11,558 cash in bank. Current liabilities total $5,175 leaving a net working capital of $17,855.

The company owns leases on 3,940 acres in the Turner Valley area of Alberta, where it has drilled three wells to production.

The company has an outstanding capitalization of 4,005 redeemable preference shares of $100 par value each and 1,800,000 common shares of no par value.

The annual meeting of the company was held on February 7 in Calgary.

NOBLE FIVE MINE ACQUIRES CONTROL OF GOLD CLAIMS

Company Turns From Lead and Zinc to Try For Gold Mine

New interest has been aroused in Noble Five Mines by an official announcement that the company has acquired gold properties, comprising the Athabaska group of six crown-granted claims and the adjoining Venus-Juno group of seven crown-granted claims totalling 548 acres on Morning Mountain, about 2½ miles southwesterly from Nelson, B.C.

Reports indicate that in bygone years there was a recovery of $350,000 from 11,000 tons of ore at the Athabasca property and $158,000 from 14,000 tons of ore from the Venus-Juno property. The report says that at the lowest workings on both the Athabaska and Venus-Juno veins, ore of the same grade as formerly mined is exposed on the floor and that there is reason to believe that added depth on these veins will develop additional tonnage. Surface work on the Juno vein during the past summer exposed what is regarded as a new ore shoot about 250 ft. in length and two feet in width, which can be economically developed by extending the Nos. 2 and 3 levels obtaining a depth of 325 ft. below the surface showing. On the Athabaska property there is a ten-stamp mill, cyanide plant and plant equipment, a relic of former operations. The Venus property has been controlled by Toronto interests and was thrown open for staking several years ago when tax payments decreased.

Noble Five Mines was incorporated in 1928 to develop the Noble Five property, a former lead-zinc producer. Production was started in December, 1928, and suspended in March, 1930, owing to unprofitable operations due to low prices for these metals. The company's attention has since been turned toward acquiring gold properties, resulting in the new acquisitions.

No financial statement has been rendered by the company in recent years. The last statement available showed 2,571,800 fifty-cent par value shares outstanding out of the 6,000,000 shares authorized.

Alaska Juneau Earns $88,400 in December

The December operating profit of the Alaska Juneau Gold Mining Co. was $88,400, equivalent to six cents per share on the 1,500,000 shares issued.

Operating income was $216,500 or 83 cents per ton of ore milled. Operating costs totalled 56 cents per share.

Beryllium Use Expands Alloys Now Available

One of Canada's Little-Known Mineral Resources Under Review

Beryllium is a hard, brittle, steel grey metal, about two-thirds the weight of aluminum. Its extremely light weight—one of the lightest of the metallic elements—places it as a potentially versatile metal, but its commercial production in past years has embodied such high cost that it has little or no application outside of the laboratory. Its hardness and amenability to forging, rolling and polishing broadens its field of use, but commercial application is only now being undertaken.

Metallurgists in the United States and in Germany have been conducting extensive research work to make it commercially available for alloying with other metals and also for use in its pure state.

The metal has several unique characteristics. It is very brittle at ordinary temperature, but on being heated becomes ductile. Its physical characteristics can also be improved by heat treating — a characteristic not possible with other non-ferrous metals. It is not affected by air or water at ordinary temperatures and is said to be very resistant to corrosive gases and liquids. It also has high electrical conductivity — much higher than any other high strength material, but somewhat less conductivity than copper.

$50 Per Pound

In view of the advances made in its commercial production, a United States firm recently announced a complete line of beryllium-copper alloy products in sheets, strips, rods, wires and tubes Within the last year the price of the element has dropped from $85 per pound to a current price of around $50 per pound for the pure metal or $6.25 per pound for beryllium-copper alloy containing 12½ per cent of the metal. Some quotations for the metal are as low as $25 per pound. Since the maximum beryllium content of the copper alloy thus far developed is less than 2½ per cent the apparent high unit cost becomes less important.

Pure beryllium metal has found a limited use as a window for the rays in x-ray tubes. It has the ability of transmitting to its alloy its characteristics of extreme hardness and resistance to heat and corrosion, while an alloy of 70 per cent beryllium and 30 per cent copper is said to have a greater strength than carbon steel. A chief use for beryllium-copper alloy has been in springs in radio equipment. It has shown itself to be particularly desirable owing to its resistance to fatigue.

Development of the metal and its alloy is under way for a large number of parts for motors or any mechanical parts subjected to great wear. Another wide field lined up for beryllium is for non-sparking tools where the sparks might be objectionable on account of fire hazards. Beryl, the mineral from which the element is obtained, possesses high electrical resistance and low thermal expansion when substituted for feldspar in the manufacture of porcelain insulators.

Beryl Known in Canada

The principal supply of the element beryllium is obtained from beryl, a beryllium-aluminum silica containing from five to six per cent beryllium. The mineral, beryl, usually occurs in comparatively long hexagon crystals that occasionally reach a weight of two tons. It is a hard, transparent or sub-translucent mineral, usually green, light blue, yellow, rose or white in color. Beryl is also the source of semi-precious stones and when found free of foreign matter in a bright green variety is known as emerald. Beryl occurs chiefly in pegmatites which are widely distributed throughout the world. It is also found in crystals in feldspar quarries. Beryl has been reported to occur extensively in Namaqualand, Africa. In Canada there are no known commercial deposits, although in the pegmatite dikes of Renfrew County in the vicinity of Killaloe, there are known to occur interesting specimens. A company has been formed to exploit and promote the development of these showings in Renfrew County, which have been known for many years, but to date there is nothing to indicate that they can be regarded more than as originally regarded—that is, as specimens.

Kenty Offering At $1 Per Share Well Received

The offering of 100,000 shares of Kenty Gold Mines at $1 per share, through Doherty, Roadhouse & Co., Toronto brokers, is understood to have been well received and is tangible evidence that promising mining prospects directed by responsible interests can be easily and quickly financed despite the difficult times for raising money.

The ready acceptance by the public of a mining prospect, far from proven, is due in the first place to favorable geological features and surface development as well as to the widespread interest in gold properties just now and confidence in the personnel directing the operations.

Three companies figure in the effort to make a mine out of the Kenty property: the Brett-Trethewey Mines, the Northern Canada Mining Corp., and the Kirkland Lake Gold Mining Co., which has an option to purchase controlling interest in the company. These three groups have interlocking directorates and the success of their respective companies convinces Kenty shareholders that they will get a run for their money.

Hayden Gold Share Capital Re-Organized

At a special meeting of shareholders of Hayden Gold Mines, held in Toronto on February 7, approval was given to reorganize the capital structure to permit of further financing.

The present authorized capitalization of $5,000,000 is to be reduced to $3,000,000 and three new shares issued for each 10 shares held. The capitalization is then to be increased to $3,000,000 to provide the treasury with 1,500,000 shares for further financing, providing funds for working capital and development.

The 50-ton mill, started about a year ago, utilized amalgamation without cyanidation, resulting in excessive tailings losses. Cyanidation was added last fall and milling operations were resumed the first of 1933. While the mill is rated at about 50 tons daily capacity production is curtailed to 30 tons. Mill feed for the first few weeks was of the lowest grade ore but since the first of February the heads have been stepped up to mine average. Bertram Robinson, formerly employed at Noranda, is the mine manager.

Bagamac Rouyn Being Financed Shaft Started

From Our Own Correspondent

Arrangements have been concluded with a New York financial group, headed by Warren H. Turner, representing Schatzkin & Co., members of the New York Stock Exchange, for financing a definite exploration programme at Bagamac Rouyn Mines.

The option arrangement calls for taking up shares on a sliding scale, which will provide the company with $175,000 if fully exercised. Several other New York houses are reported to be associated in the deal and already an initial payment has been made.

At the property, which consists of some 517 acres immediately south of the Noranda mine, a start is being made toward sinking a shaft and doing lateral work. In 1932 a surface exploration programme was started to prospect a shear zone some 2,000 ft. in length crossing the company's property. Test pits were sunk and some shallow diamond drilling done with encouraging results.

Chibougamau Prospectors Planning Capital Change

Chibougamau Prospectors Ltd. has called a special general meeting of shareholders to be held in Montreal on February 19th, for the purpose of authorizing an increase in the capitalization from 500,000 to 3,000,000 shares of no par value.

The company has undergone a series of reorganizations since incorporation in 1928, the first capital setup being 5,000 no par value shares. In October, 1931, it was announced that the company was to merge with the Chibougamau Mackenzie Mines and that a new company known as the Chibougamau Consolidated Mines was to be formed with the Chibougamau Prospectors retaining 750,000 new shares.

SIMON PROPERTY NOW DOWN TO 9% OF TOTAL ASSETS

Report Shows Lower Profit —Additional Preferred Redeemed

From Our Own Correspondent

MONTREAL.—Continued writing down of fixed assets which now total $55,138, after depreciation, compared with total assets of $664,692 is a feature of the 1932 report of H. Simon & Sons, cigar manufacturers. If the present rate of depreciation were maintained for the next five years property account would be written off entirely.

The financial statement reveals net profits of $26,369 for the past year, before provision for income tax, compared with $62,995 after income tax in 1931. Profit of $15,278 on redemption of preferred stock has been added to earnings making a total of $41,648 for the year. After charges, including provision of $88,696 for various new reserves, there was a deficit of $68,726 compared with a profit of $41,043 in the previous year.

Dividends of $5.25 a share were paid on the preferred of which $55,400 were redeemed during the year increasing the years deficit to $91,539. In 1931 earnings were equal to $7.92 a share on the 7 per cent preferred and after payment of common dividends there was a deficit of $71,287.

Following are details of profit and loss for the past two years:

	1932 $	1931 $
Net prof.	†41,648	62,995
Deprec. res.	12,849	12,394
Bad debt res.	8,829	9,558
*Oth. res.	88,696	......
Balance	d68,726	4,143
Pfd. divid.	22,813	37,205
Balance	d91,539	3,838
Com. divid.	......	75,125
Surplus	d91,539	d71,287
Prev. surp.	156,509	230,236
Balance surp.	64,970	158,949
Adjust.	y559	y2,439
P. & L. Bal.	64,411	156,510

†—Including profit on redemption of pfd. stock, $15,278.

*—Deferred accounts $9,396; Depreciation in value of investments $1,550, and reserve for depreciation in value of inventories $77,749.

d—Deficit.

y—Affecting prior years.

Working Capital:

	1932 $	1931 $
Curr. assets	605,251	825,506
Curr. liabs.	49,420	154,303
Work. cap.	555,831	671,203

Balance sheet shows cash down $3,000 at $3,882 and a reduction of $10,000 in call loans which total $50,000. Accounts receivable are down $70,000 at $210,854 and inventories, less reserve, total $290,723 compared with $426,906 at the end of 1931. Market value of Dominion of Canada bonds is slightly lower at $49,790; goodwill and trade marks are carried unchanged at $1.

Redeems More Preferred

Liabilities reflect redemption of $55,400 of preferred stock leaving $462,600 outstanding. Profit of $15,278 on redemption indicates an average price of $72.43 a share was paid for the stock. Surplus account has been reduced from $156,509 to $64,411. A contingent liability of $20,001 for exchange payable in U. S. funds compares with a similar item of $114,798 at the end of 1931.

Index to Mining Stocks

The weighted index number of twenty mining stocks computed by the Dominion Bureau of Statistics on the base 1926=100, was 77.9 for the week ending February 9th, as compared with 70.9 for the previous week. Eleven gold stocks rose from 70.6 to 77.5, four gold-copper stocks from 79.0 to 86.9, and five silver and miscellaneous stocks from 27.6 to 29.7.

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CATELLI REDEEMS PREFERRED STOCK AT LOW VALUES

Macaroni Company Buys in 3,750 Shares During Last Year

From Our Own Correspondent

MONTREAL. — Redemption of 3,750 class "A" preferred shares, par value $30, at an average value of $9.46 a share is a feature of the financial statement of Catelli-Macaroni Products Corp. for the fiscal year ended November 30, 1932. Discount on retirement of preferred shares totalled $77,015 which was appropriated for various reserves. In the past two years 8,000 shares have been redeemed leaving 52,000 shares outstanding.

Net earnings in the last year were $92,627 against $154,430 in the previous period and after provision for depreciation and a small write-off for income tax there remained a net profit of $2,515. This was brought forward into deficit account reducing it to $8,774.

Profit And Loss Figures

Following is a comparison of profit and loss for the past two years:

	1932 $	1931 $
Net earnings	92,627	154,430
Less: Depreciation	90,000	96,243
Inc. taxes	112	......
Net profit	2,515	58,187
Add: Prev. deficit	†11,289	†70,267
Disc. on pfd. red.	77,015	
Less: Transferred to goodwill	23,297	
Special res.	46,445	
Inventory w/o	7,273	
	77,015	
Deficit forward	8,774	12,080

†Adjusted.

WORKING CAPITAL

	1932 $	1931 $
Current assets	442,064	405,156
Current liabs.	23,044	26,518
Net work capital	419,020	378,638

Current Assets Gain

Improvement in current assets is due to increase of $40,000 in cash which totals $73,558. Inventories are lower by $13,000 at $205,665 and investment securities at market value are up $32,000 at $36,870. Goodwill has been reduced to $100,000 by $23,296 transferred from surplus; fixed assets are higher by $7,000 at $1,501,239.

In liabilities reserve for depreciation totals $295,895 and a special reserve of $46,445 for idle plants reflects provision made from surplus account. Capital structure reflects redemption of preferred stock during the year. Common stock of 30,000 no par common shares is still carried at $150,000.

Comfort Kirkland Mines Calls Annual Meeting

Shareholders of Comfort-Kirkland Mines are in receipt of notices from Paul Folzer, secretary of the company, of the annual meeting in Rochester, N.Y., on February 18.

There has been no activity since 1923 at the company's property, consisting of one claim just east of the Minaker and just south of the Kirkland Hudson Bay in the Kirkland Lake camp. A shaft was put down about 170 ft. and approximately 1,000 ft. of lateral work was done without conclusive results. The purpose of the meeting has not been disclosed.

"More Gold!"

Gold Bullion to the standard value of 47 million dollars, or 53 million dollars in Canadian Funds, was produced by the Mines of Ontario in 1932. This is a record annual output, being an increase of 4 Million Dollars in standard value over the output for 1931.

Ontario Gold Mines have paid dividends to the end of 1932 amounting to $135,104,303. Dividends for 1932 amounted to $16,015,018.

Ontario Department of Mines,
HON. CHARLES McCREA,
Minister of Mines

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